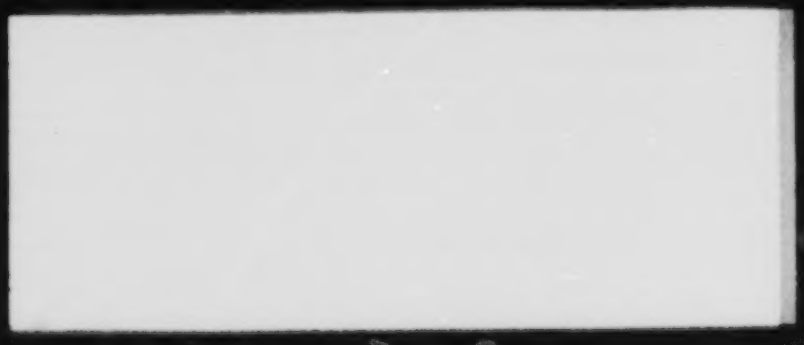
Management
Consultants



Price Waterhouse

DEPARTMENT OF COMMERCE AND TECHNOLOGY
GOVERNMENT OF NEW BRUNSWICK

New Brunswick Regional Economic Development Commissions: An Evaluation and Recommendations for Future Regional Development Efforts

SUMMARY REPORT

Government of New Brunswick

Gouvernement du Nouveau-Brunswick

This publication is jointly funded under the Canada/New Brunswick Subsidiary Agreement on Industrial Development

Government of Canada Atlantic Opportunities Agency

Gouvernement du Canada Agence de Promotion Économique de l'Atlantique Canada

DEPARTMENT OF COMMERCE AND TECHNOLOGY
GOVERNMENT OF NEW BRUNSWICK

New Brunswick Regional Economic Development Commissions: An Evaluation and Recommendations for Future Regional Development Efforts

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EXECUTIVE SUMMARY

Objectives of the Assignment Given to Price Waterhouse

The Mandate

The Commerce and Technology Department of the Government of New Brunswick has asked Price Waterhouse to assess the effectiveness of the Province's Regional Economic Development Commissions (REDC) and to propose recommendations for future initiatives in regional economic development.

Methodology

The study included 159 personal interviews with Senior Civil Servants, municipal representatives, commissioners, board members and business people, as well as a telephone survey of 177 business persons throughout New Brunswick. In addition, all relevant documents regarding the economic development of New Brunswick were analyzed.

All observations and recommendations were reviewed with a Steering Committee especially assembled for the purpose of overseeing the present study, and comprising Federal and Provincial civil servants, as well as representatives from the REDCs. Their input was of utmost importance for the successful completion of this study.

Major Conclusions and Recommendations

A complete report, with appendices, has been issued separately to fully describe our observations, the analysis of the data gathered, the rationale behind our recommendations, as well as alternatives that were explored but not retained in the final analysis. The present summary report cannot render completely all details and nuances contained in the full report. Reference to the full report should always be made when additional information is required, or to fully

understand the supporting evidence leading to our recommendations. The major conclusions and recommendations contained in our complete report are structured according to the following plan:

I. Overview of the New Brunswick Economy (main report page: 1)

II. Assessing the Effectiveness of REDCs (main report page: 18)

III. The Roles of the Commissions (main report page: 43)

IV. The Functioning of the Commissions (main report page: 82)

V. Territorial Boundaries (main report page: 108)

VI. The Relationship Between Public Bodies and the Commissions (main report page: 117)

VII. Conclusions (main report page: 135)

I. Overview of the New Brunswick Economy

The future regional economic development of New Brunswick, in terms of growth in employment, will come first and foremost from the manufacturing sector and from some segments of the services sector. For example, manufacturing is forecast to grow at 5.4% in 1988, compared to 2.5% for the overall economy. Processing of New Brunswick raw materials offers additional opportunities to add value to the products. The development of the services sector should be concentrated in services that are exported (such as tourism) or in services to industry that provide for support to existing businesses, as well as for higher paying jobs.

Growth in economic activity will come mainly from **start-ups** of new businesses and **expansion** of small and medium sized businesses. Entrepreneurship in New Brunswick has been expanding rapidly in the last decade, but it still needs some fostering to provide for further economic growth.

While it is difficult to assess at this stage the exact impact that the **Free-Trade agreement** between Canada and the United States will have on the New Brunswick economy, it is likely that raw material producers and processors might benefit from it, while manufacturers that are presently sheltered behind high

Canadian tariffs and non-tariff barriers will be negatively impacted. More than ever, the degree of success for businesses will depend upon their ability to develop a compelling competitive advantage in the specific market segments they want to serve.

II. Assessing the Effectiveness of REDCs

In order to assess the effectiveness of the REDCs, we interviewed in depth a large sample of Commissioners, Board Members, Mayors, Civil Servants and Business People, across the various regions of New Brunswick. Further, we compared the strategic plans each region had prepared to the actual results in terms of employment and business creation or failure. We also examined the possibility of making use of forms of regional economic development organizations, different from REDCs.

From our evaluation, we believe that:

- REDCs are a significant contributor to regional economic development in New Brunswick;
- This is well recognized by a majority of Mayors, Board Members, Civil Servants and Business persons that have used the services of the REDCs;
- The services provided by the REDCs received a very good satisfaction rating by the business people who had used them.
- The REDC system constitutes a well integrated approach to foster economic growth in all regions of New Brunswick, in a cost-effective manner;
- REDCs appear to be the most appropriate form of regional economic development organizations in New Brunswick, when compared to alternatives such as regional offices of the New Brunswick government, municipal development offices or business controlled and financed development offices.
- The government of New Brunswick should maintain and reinforce the Regional Economic Development Commissions as the main vehicle to foster economic development in the various regions of the province.

But, we have also uncovered some areas of concerns, and opportunities for improvements. Therefore, we make some recommendations; among the most important:

- Mayors of smaller communities within a region need to be made aware of the fact that any investment project in their region contributes positively to the well-being of their own community through, among other things, additional employment, general commercial and business activities and prosperity, even if the project is not located in their municipal territory. It is the responsibility of each REDC to convince the mayors of the smaller communities of its region.
- Mayors of larger communities must be reminded that their community generally benefits most from any regional development, as specialized goods and services are usually only available in the larger center. As such, they must provide key support to the REDC serving their region.
- Civil Servants, in provincial and federal government departments, other than the New Brunswick Department of Commerce and Technology, must be made more aware of the roles, objectives and functioning of the REDCs. Thus, they will be in a position to make use of the REDCs for the promotion of some of their programs to the regional business communities. This would help both levels of government develop a more integrated approach to regional economic development. REDCs must receive, from the government departments concerned, the proper support and training to perform these promotional activities.
- **Awareness** among target business people of the existence and of the services available from REDCs must be raised from the present low level of **24%** of spontaneous recall to a more acceptable level of **60%**. This should be carried out by each REDC in its own region.
- Use of REDCs' services presently stands at **32%** of business people. We believe this level should be at least **50%**. Our recommended levels of spontaneous recall and usage should be found among the target clientele of REDCs, i.e., manufacturers and providers of business and exportable services.
- There is a perception among business people that REDCs are an arm of the Department of Commerce and Technology. This must be dispelled.

- All REDCs should report and analyze annually, on a uniform basis, how their region has performed in terms of employment and business creations or failures, and monitor the progresses made by the regions with respect to the strategic plans elaborated by the REDC.

III. The Roles of the Commissions

In order to determine the present and future roles of the REDCs, we first developed a **conceptual model** for regional economic development in New Brunswick through entrepreneurship and strategic partnering. We then compared this model to the evolution of the REDCs over the years, and obtained the opinions of the participants and the end-users (business people) of the commissions. Based on this analysis, we believe that REDCs should proceed with a change of priorities in their activities. Some activities should be abandoned or greatly reduced, and the time and resources thus freed should be put to use for increasing the priority and level of other activities. We are of the opinion that it is first and foremost a matter of realignment of priorities and of redistribution of resources rather than that of a need for additional resources. Overall, REDCs do, presently and for the foreseeable future, enjoy the proper level of resources. After priorities have been realigned, consideration could be given to increasing resources, if the need then materializes.

In general, the activities that should be abandoned or greatly reduced are mostly related to the "**hardware**" of regional economic development, i.e. physical or tangible assets that constitute the infrastructure required for economic or business activities. Our specific recommendations are:

- REDCs should not be involved with the management and ownership of industrial parks and other types of physical assets. These assets should be transferred to government bodies or to the private sector. In our view, municipalities are most often in the best position to take over ownership and management of these assets. Studies should be made for each specific situation in order to determine the most appropriate transfer, in the circumstances.
- REDCs should not get involved in lobbying activities for regional infrastructure. Local and regional political bodies are in a better position to do so.

- REDCs should not be involved in activities related to regional social development, such as hospitals, schools, etc.
- REDCs should greatly reduce their profiling of the regional economic base, and limit it to an annual up-date.

In general, the activities that should be expanded relate to the "**software**" of regional economic development, i.e. information or advice about business development to existing or would-be entrepreneurs. Our specific recommendations are:

- Help to create new businesses should become the first priority of REDCs. The development of regional entrepreneurship should be the long-term objective. Assistance to would-be entrepreneurs is the short-term objective.
- The second priority should be to help existing businesses expand.
- The major form of assistance to entrepreneurs that REDCs can provide is to promote existing government programs and guide entrepreneurs through them to ensure that they obtain the best form of, and the most, government assistance possible.

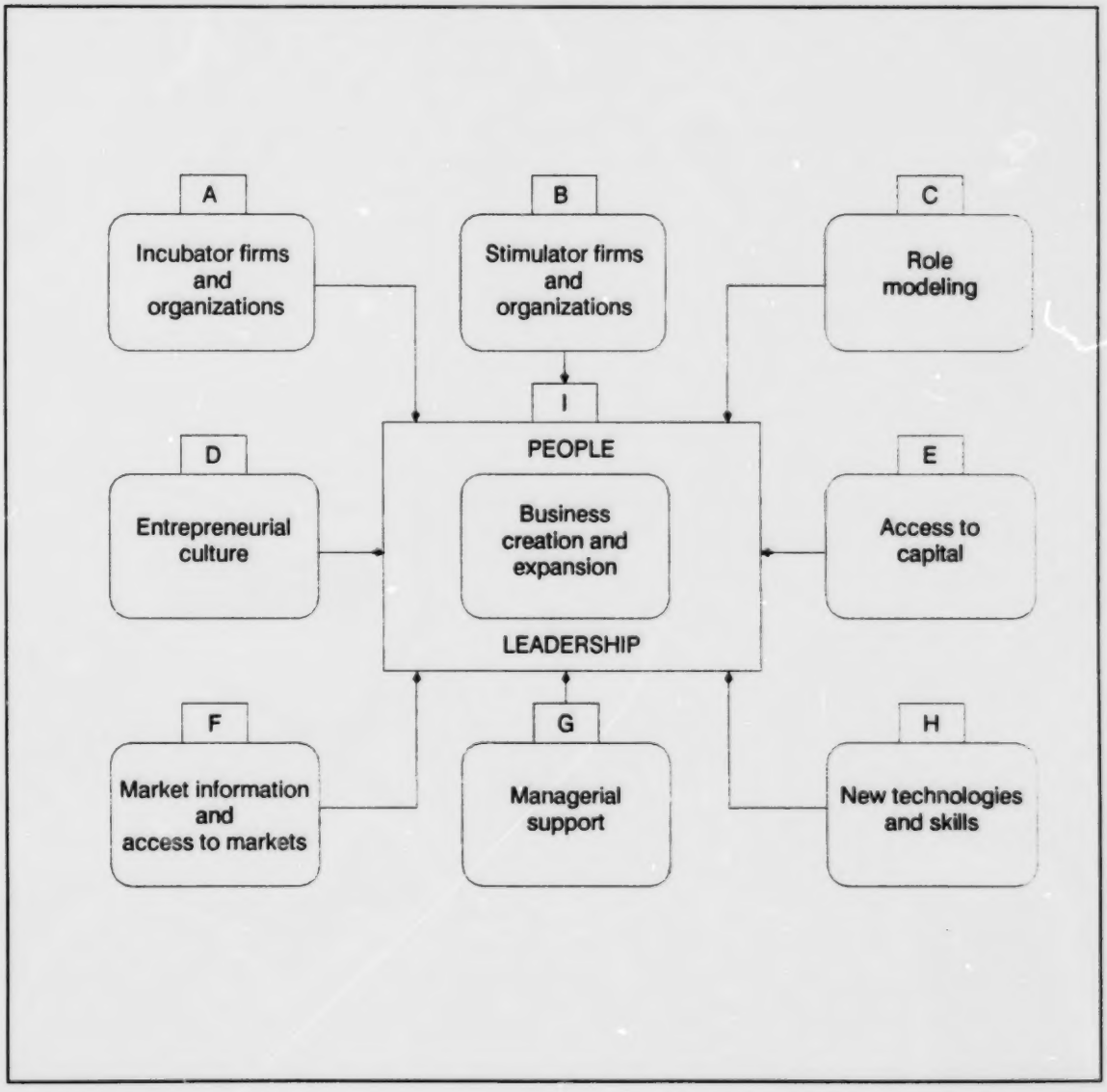
We then proceeded to define the **responsibilities of REDCs** for the present and the future. The **mission** of REDCs is to foster economic growth in the regions by enhancing the economic base specific to each region through entrepreneurship and strategic partnering.

The **economic sectors** to be covered by REDCs are those that correspond to the economic base of the region, with particular focus on all manufacturing industries, and emphasis on the processing activities, business services, and exportable services, such as tourism. REDCs should have limited involvement in the primary sector and personal services, and no involvement in institutional services.

The **target clientele** of REDCs should be would-be entrepreneurs, and small and medium sized businesses. REDCs should develop an image of independence from government bodies, and not appear as an arm of the Department of Commerce and Technology.

With respect to their specific responsibilities, the REDCs should assume to enhance **entrepreneurship and strategic partnering**. A conceptual model has been developed (see following page), and specific and detailed

CONCEPTUAL MODEL FOR REGIONAL ECONOMIC DEVELOPMENT THROUGH ENTREPRENEURSHIP AND STRATEGIC PARTNERING



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recommendations have been made. Overall, REDCs must foster entrepreneurship in their region by ensuring that the environmental and structural elements that are conducive to business creation and expansion are present in their region. Thus, REDCs should endeavor to develop the elements that are presently missing or under-developed in their region, in order to create or improve the entrepreneurial climate.

The main recommendations concerning the responsibilities of the REDCs are:

A. Incubator Firms and Organizations

A major source of entrepreneurial opportunities and initiatives is constituted by businesses, institutions or other organizations in which future entrepreneurs are presently studying, working or carrying on research. REDCs must identify these incubator firms and organizations within their respective region, and aim part of their entrepreneurship promotion activities at employees of these firms. REDCs must also tailor their form of assistance to include more about financial resources and managerial support.

B. Stimulator Firms and Organizations

Most important for start-ups, stimulator firms and organizations are the ones which will give a new entrepreneur his **"first contract"**. REDCs should help would-be entrepreneurs identify stimulator firms that could give "first contract", and also assist these would-be entrepreneurs in convincing these stimulator organizations to give them "the chance". REDCs should also determine on a systematic basis with existing businesses in their region, the possibilities of regional import substitution by local suppliers. Such input/output search, which always lead to business opportunities, could be made available to all existing and would-be regional entrepreneurs. Stimulator firms may also make excellent "strategic partners" to new entrepreneurs by providing capital, market access, technical or managerial support, etc.

C. Role Modeling

Would-be entrepreneurs are most influenced in developing the will to start a new business, by the examples provided by successful entrepreneurs to whom they can relate. Thus they believe that "if he can do it, I can do it". REDCs must ensure that regional entrepreneurs that have succeeded become known, and that their story is well publicized and understood. REDCs could, for example, become the sponsors, of regular series of articles or broadcasts about regional

entrepreneurship in the local newspapers, radio or television stations. Further, REDCs could organize a periodic competition to raise the profile of regional start-ups, expanding businesses and stimulator firms.

D. Entrepreneurial Culture

In most parts of New Brunswick, and especially in certain regions, the population needs to "believe" that local entrepreneurship is possible and can be successful within limited and controllable levels of risks. Therefore to promote the "**entrepreneurial gospel**", REDCs must ensure that the following messages are disseminated throughout the region:

- entrepreneurship, rather than employment, is a sign of economic autonomy and desire to take hold of one's future and is a well-regarded trait of character;
- it is socially acceptable to take risks, risk-taking attitudes are encouraged and supported and risks are an integral part of any business opportunity;
- entrepreneurs have the right to fail and make mistakes, and a failure does not end the career of would-be entrepreneurs;
- entrepreneurship and business ethics make up the general economic environment of the region.

Further, a strong provincial **Council of REDCs** should be created. This Council would include the presidents of the REDCs, as well as publicly respected business people and presidents of universities and financial institutions. This Council would promote the cause of entrepreneurship, strategic partnering and the REDCs to the people of New Brunswick and their governments. The Council could also:

- disseminate between REDCs information about activities successes and failures, as the REDCs presently operate very independently from each other;
- put pressure unto New Brunswick businesses that would refuse to play their stimulator role in the regions;
- actively promote the creation of a provincial business development fund to provide seed or venture capital for business ventures. The Council should not take part in the fund, in any way;

- create a bank of active or retired business or professional people available to provide advice to entrepreneurs of all regions;
- organize out-of-the-province business and industrial missions for entrepreneurs in search of business opportunities and strategic partners. The Council should not fund these missions.

The provincial Council of REDCs should be a light structure organization, with minimal dedicated resources (most likely part-time). Financing should come from the REDCs as well as from the government of New Brunswick.

E. Access to Capital

REDCs must endeavour to improve access to capital for start-ups and expanding small and medium-sized businesses. Specifically, REDCs must:

- provide information and advice about all government funding programs available to businesses;
- help entrepreneurs prepare business plans that will be credible to governments, investors or financial institutions;
- promote the creation of regional business development funds that would provide seed or venture capital to regional entrepreneurs. The REDCs should not take part in these funds, in any way.

F. Market Information and Access to Markets

REDCs should be aware of **market studies** that are available free of charge or at a low cost from governments, trade associations and private sector firms. REDCs must be ready to guide business people through these information channels. Commissions should be alert to business opportunities and disseminate them to the regional entrepreneurs.

REDCs should organize **trade events** aimed at identifying supply opportunities in New Brunswick through import substitution and subcontracting. In these events, major New Brunswick businesses would identify what they purchase from out-of-the-province suppliers, and entice New Brunswick entrepreneurs to make them substitution proposals. These trade events should be financially self-sustaining, with costs covered by the entrepreneurs or the communities that may benefit from them. The REDCs would limit their involvement to the organization.

G. Managerial Support

REDCs should be in a position to provide managerial support to entrepreneurs by referring them to the proper source of assistance. To supplement government or private sector assistance, REDCs should constitute a bank of active or retired business or professional people who could act as advisors to entrepreneurs, on a voluntary basis, at a low-cost or within the framework of part-ownership or profit-sharing in the firms. Coordination of these REDC banks should be made with the **CASE programs** of the Federal Business Development Bank.

H. New Technologies and Skills

REDCs should organize **industrial sector tours** in New Brunswick as well as outside the province to regions such as New England, Québec and Ontario, so that entrepreneurs of their region can be exposed to what other businesses of the same sector are doing. This could also serve the search for **strategic partners**. The costs of these tours should be absorbed by the participating businesses. REDCs should increase the awareness of business people about the government programs available for technological innovation and upgrade of employees' skills.

I. People and Leadership

REDCs must provide improved business leadership in their respective region. This is to be achieved by attracting to the REDCs' boards more active and regionally successful business leaders. These leaders will provide role-modeling and advice to would-be entrepreneurs and may use their businesses as stimulator firms or strategic partners. We believe that the new role and responsibilities suggested by this report, as well as the creation of a provincial Council, will give REDCs and their presidents a higher visibility that will attract more business leaders than under the present circumstances.

IV. The Functioning of the Commissions

We reviewed the operations of the REDCs by interviewing in depth commissioners, board members, mayors and business people. Further, we reviewed annual reports and financial data, as well as other documents available in the regions and in the Department of Commerce and Technology. Our major conclusions and recommendations concerning the functioning of the commissions can be summarized as follows.

Overall, financial resources of the REDCs are adequate. There is no need for additional resources, but a realignment of priorities for the activities carried out is required (see Section III of this summary report). Some changes are required in the respective roles and relationships that exist between commissioners, boards of directors, and presidents of commissions:

- The commissioner should not exercise authority over the commission's activities that belong with the board. His/her work should be to manage the commission under directives from the board.
- Some commissioners must adopt a more active role by uncovering more business opportunities and by raising the awareness of business people about the commission's services.
- Members of the board of directors must play a more active external role at representing the commission in the region.
- The President of the commission should assume a regional and provincial leadership about economic development.

Composition of the board of directors should be altered to reduce the number of members to a maximum of 14, most often 12 and increase the number of high profile regional business leaders. Members should be appointed for a three-year term, renewable only once.

Results of the REDCs should be monitored against objectives that could be derived from the strategic plans and categorized along major functional thrusts. Performance of commissioners and board members should also be monitored.

We recommend that consideration be given to establishing in each region membership in the REDC open to all business persons and civic leaders of the region. **Consultative committees** of these members could be constituted to advise the board on specific matters.

Finally, the salaries of their commissioner, assistants and secretaries should be reviewed by each REDC in order to ensure that relative pay scales reflect the differences in qualifications, responsibility and experience. We have uncovered disparities, both between regions and within specific regions, that could be abnormal. We offer salary guidelines for the REDCs to follow in their review.

V. Territorial Boundaries

The mandate and responsibilities of REDCs imply that territorial boundaries must be set so as to permit all communities and entrepreneurs of the province to have access to the commissions' services with an adequate level of performance. Therefore, size the territory, homogeneity of the labour market and of the economic base of the region and participation of all communities are important criteria of success for REDCs. There appear to be significant issues with respect to the boundaries of REDCs serving the regions surrounding the three largest urban centers of the province: **Saint John, Moncton/Dieppe, and Fredericton.**

We make recommendations that are guided by general principles aimed at ensuring that assistance to start-ups and expanding small and medium-sized businesses is provided to all entrepreneurs of the province on a regional basis, as we are convinced it is the most efficient form of distribution of these services. Therefore the REDC system should not finance non-regional organizations. Further, we believe that non-REDC functions such as sale of industrial land, management of industrial parks, seek-and-find missions or downtown revitalization programs should not be funded out of the REDC system.

- **Saint John/Fundy REDC**

After reviewing the situation, we come to the conclusion that the present territory of the Saint John/Fundy REDC is too large and too diverse and that a new REDC should be established to cover Charlotte County and the village of McAdam which is presently in the Capital Region.

If the communities are interested, a second new REDC should be established to cover the eastern portion of Kings County around Sussex, Queens County which is presently in the Capital region, and Albert County and the western part of Westmorland County which are not presently covered by any REDCs. If such a second new REDC cannot be created, the communities should be given the option to join the REDC to which they best relate.

Finally, a REDC should be established to cover the City of Saint John and its metropolitan area.

- **Moncton/Dieppe Region**

Under present circumstances, the Greater Moncton Economic Development Authority (GMEDA) is not so much an operational REDC as a conduit for funding the Moncton Industrial Development Commission (MID) and the Dieppe Industrial Park Corporation (DIP). GMEDA covers only the territories of the cities of Moncton, Dieppe and Riverview, while other municipalities in Albert and western Westmorland counties are not served by any REDC. Further, GMEDA cannot establish direct contact with businesses in Moncton and Dieppe, and both MID and DIP carry-out functions well beyond the scope of the REDCs'.

We therefore believe that GMEDA's role should be expanded to that of a full REDC covering the complete metropolitan area of Moncton/Dieppe, while MID and DIP's responsibilities would be limited to non-REDC functions. The flow-through of funds to MID and DIP should be eliminated.

On the other hand, we recognize that an immediate rationalization of economic development activities in the area may prove difficult. Until such rationalization can be achieved, we recommend that the province ensure that the funding provided in total to GMEDA, MID and DIP be limited to what would be provided for a single body serving only Moncton, Dieppe and Riverview on typical REDC functions and services. Further, these amounts should decrease over time in line with an implementation schedule for the rationalization.

- **Capital Region**

While we did not uncover major concerns over the operations of the capital REDC, we believe that its territory and population (135,000 inhabitants), as well as the diversity of its economic base hamper the effectiveness of its performance. We therefore recommend that some parts of the Capital region be given the option to join the new Charlotte County and Sussex REDCs, as well as the Carleton REDC.

- **Financial Implications**

The creation of two new REDCs, the changes in the territorial boundaries and the provision of services to areas of the province not presently covered will imply additional expenses. We estimate these at $ 160,000 per annum in total, to be funded at 80% by the New Brunswick government and at 20% by the municipalities. But these additional funds are required to ensure that all entrepreneurs in the province have access to the same and proper level of REDC services.

VI. The Relationship Between Public Bodies and the Commissions

The interviews that we carried out with Commissioners, Board Members, Mayors and Senior Civil Servants also allowed us to assess the relationships between public bodies and the commissions. We believe the relationships between REDCs and public bodies are satisfactory but not excellent, and must be improved.

Municipalities

Municipal representatives on boards of directors of REDCs are not given clear mandates and objectives by their respective municipalities. In addition, municipal representatives on boards of directors do not systematically report to their municipal council on work and discussions taking place in the commissions. In order to improve the relationships between the commissions and municipalities we recommend that:

- municipalities give a clear mandate to their representatives on the boards of directors with respect to their economic development objectives;
- a policy should be established, whereby board members representing municipalities would report periodically to their respective municipal councils, at least every six months;
- REDCs organize annual presentations of their activities to the councils of participating and non-participating municipalities.

Provincial and Federal Governments

Although the relationships between the commissions and provincial and federal government officials are generally excellent, commissioners become irritated when they are not informed that certain projects are being discussed by Civil Servants and entrepreneurs in their region. In order to solve this problem we recommend that:

- Civil Servants of Economy Oriented Departments should inform local commissioners when they are dealing with business people in their regions. In certain sectors that are excluded from the commission's duties such as agriculture, for example, the government departments should not have to inform the commission.

Liaison Officers

The Department of Commerce and Technology has eight persons working as liaison officers in the various regions of New Brunswick. Few people in the commissions - as well as in government - are aware of any clear mandate for these liaison officers. Therefore, the Department of Commerce and Technology should clarify the mandate and objectives of liaison officers in line with more tangible needs of Regional Economic Development Commissions.

Overlapping Organizations

We discovered two major cases where government sponsored programs or organizations clearly overlap the responsibilities and the organizational structure of REDCs. The first is the **Business Development Centers** option of the Communities Futures Program; the second is the more isolated case of the **Alnwick Economic Development Committee**, in the Peninsula region, which is sponsored by the Community Improvement Corporation.

In both cases, the goal of enhancing regional economic development in disadvantaged regions is very commendable but the objectives, the structure of the managing committees and often, the clientele for those programs resemble very much those of REDCs. Consequently these organizations, by competing with REDC, contravene to the New Brunswick Government Policy on REDC which states that the vehicle to be privileged in regional economic development is REDCs.

In order to make sure that the effectiveness of REDCs is not hampered by other government programs that involve regional economic development in New Brunswick, the Department of Commerce and Technology should:

- take the appropriate measure to make sure that all high level personnel in other provincial and federal Departments or Agencies that are involved in economic development are aware of the REDC Policy;
- implement a policy that invites all provincial and federal Departments or Agencies that are involved in economic development to contact the senior civil servant responsible for REDCs to discuss new or present programs that could have a direct impact on the effectiveness of REDCs. The programs to be discussed are those who have one or both of the following characteristics:
    - create an economic development body that is located in one of the REDC regions.
    - offer direct help to entrepreneurs and would-be entrepreneurs.

The objectives of those discussions would be to develop new programs that would not be in competition with REDCs. A special effort should be made to analyze how the new programs could be integrated (with additional resources and funds) to New Brunswick government's prime regional economic development tool: the REDCs.

VII. Conclusions

Based on our assessment of the present situation, we believe Regional Economic Development Commissions are the most efficient form of organization to foster economic growth in the regions of New Brunswick through entrepreneurship and strategic partnering. The REDC system is well suited to provide assistance to start-ups and expanding small and medium sized businesses by creating a regional climate conducive to entrepreneurship.

We have made recommendations to refocus the mission of the REDCs in terms of clientele and activities. We propose a realignment of priorities and make suggestions to change territorial boundaries and create new REDCs in order to better serve the entire target clientele throughout the province. Finally, we suggest some improvements to the functionning of the RECDs, and to the relationships between REDCs and the public bodies.

Based on the present situation and our recommendations, we are convinced that REDCs will contribute positively to the overall economic growth of New Brunswick, and to economic development of its individual regions.

Price Waterhouse

DEPARTMENT OF COMMERCE AND TECHNOLOGY
OF NEW BRUNSWICK

New Brunswick Regional Economic Development Commissions: An Evaluation and Recommendations for Future Regional Development Efforts

FINAL REPORT

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Gouvernement du Nouveau-Brunswick

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Introductory

Price Waterhouse has been asked to assess the effectiveness of New Brunswick Regional Economic Development Commissions (REDCs) and to propose recommendations for future initiatives in regional economic development.

This document is the final report of the study.

Regional Economic Development Commissions

Regional Economic Development Commissions are independent legal entities that were created between 1969 and 1982 in order to foster economic development in the various regions of New Brunswick. There are 12 REDCs in New Brunswick.

Since the first REDC was created in 1969, REDs went through four major phases[1]:

1. The Pilot Project

In 1966, the Fund for Rural Economic Development (FRED) Act was instituted to provide federal assistance for the implementation of comprehensive rural development programs for designated areas. The North-East area became "designated area" in New Brunswick.

Shortly after some municipalities in the North-East joined together in 1969 to form the North Shore Industrial Development Commission (later become the Restigouche Development Corporation). This Commission became a pilot project for the provincial government.

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[1]The reader will find a detailed analysis of the evolution of REDs in Appendix I.

2. The Revised "North-East" Agreement

After a positive analysis of the Pilot project in the North-East region of New Brunswick, a revised North-East agreement incorporated the concept of local regional development corporation in 1972.

Three more REDCs were created between 1972 and 1974. These were Peninsula, Chaleur and Kent Commissions.

3. The Industrial Development Subsidiary Agreement

In 1975, Canada and the Province of New Brunswick signed the Industrial Development Subsidiary Agreement which provided funds for the establishment and operation of economic development corporations in all regions of the Province.

Six new REDCs were established; those of the North-West, Grand Falls, Miramichi, Capital, Central Maritimes and Saint John/Fundy regions.

4. The 1981 Policy

The Southeast commission was established in 1980 and the Carleton commission was set up in 1982. 1981 was the year when the New Brunswick government published a policy statement on the role and function of the REDCs.

This Policy contributed to the maturing of the REDCs by clearly stating the roles and objectives of REDCs.

Following the publishing of the 1981 Policy, each REDC eventually developed it's own regional economic development strategy.

The Mandate[2]

In 1987, the Department of Commerce and Technology decided to evaluate the effectiveness of the REDCs and to identify changes to be made, if any, in order to improve development of it's regional economies.[3]

The specific objectives of the study were to:

- Describe the functioning of the REDCs system in New Brunswick and to recommend how it could best operate. More specifically,

- Define the connections between the performance of the system and:

  - the municipalities;
  - the boards of directors;
  - entrepreneurs in the regions;
  - the staff of the REDCs;
  - the Department of Commerce and Technology;
  - the Department of Regional Industrial Expansion;
  - Business Development Centers;
  - other governmental agencies and departments.

- Recommend geographical parameters for the commissions.

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[2]The terms of reference are found in Appendix II.

[3]A first evaluation of the REDC system was done in 1978 by a consulting firm.

- Define the roles of REDCs concerning:

  - "Seek and Find" activities;
  - the promotion and the management of industrial parks;
  - written operational policies.

- Define the roles of Commissioners, their assistants and the members of the boards of directors.

- Define the appropriate budgets and funding sources for REDCs.

- Recommend a mechanism for periodic evaluations for REDCs.

- Evaluate the provincial policy for REDCs.

- Recommend guidelines for interaction with respect to municipal commissions, Federal economic and regional development organizations.

- Look at alternative economic development structures and suggest the best one.

Methodology

The present study was carried out in 4 major phases:

1. A review and analysis of the documentation on the regional economic development of New Brunswick, which included:

   - the Government Policy on REDCs;
   - the strategies and development plans of each of the REDCs;
   - the annual reports of the REDCs;
   - the various New Brunswick policies and programs on economic development.

2. A total of 336 interviews with various New Brunswick economic agents as follows[4]:

   - provincial and federal government senior civil servants
     ... 35 personal interviews

   - commissioners, board members and mayors throughout the 12 REDCs
     ... 77 personal interviews

   - entrepreneurs throughout the 12 REDCs
     ... 47 personal interviews
     ... 177 phone interviews[5]

3. The synthesis and analysis of the data that was gathered[6].

4. The determination of the appropriate recommendations and the preparation of the final report.

All observations and recommendations were reviewed with a Steering Committee expecially assembled for the purpose of overseeing the present study, and comprising Federal and Provincial civil servants, as well as representatives from the REDCs. Their input was of utmost importance for the successful completion of this study.

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[4]Personal interviews are listed in Appendix III.

[5]Methodology for phone interviews is found in Appendix IV.

[6]The analysis of the phone survey was done with the Statistical Package for the Social Sciences software (SPSS).

I. OVERVIEW OF THE NEW BRUNSWICK ECONOMY

I. OVERVIEW OF THE NEW BRUNSWICK ECONOMY

1. Economic Indicators

Appendix V of this report presents the evolution of selected economic indicators of New Brunswick over the period 1980 to 1987, as well as a comparison to the rest of Canada. Also, some forecasts of economic growth for 1988 are presented.

From these analysis, the following may be concluded:

- New Brunswick experienced a strong recovery from the 1982 recession, better or equal to that of other Atlantic provinces or Canada;

- The average annual growth rates for capital investments and exports by New Brunswick firms are lower than for those of the rest of Canada, and undermine their competitive position in the long-term;

- 1988 forecasts show an overall growth of the New Brunswick Gross Domestic Product at 2.5%, lower than the 1986 growth of 3.4%, and 1987 growth of 3.5%;

- Of all New Brunswick economic sectors, manufacturing should show the best 1988 performance with a 5.4% output growth rate.

2. General Tendencies in Western Economies

Five major factors will have a significant impact on the evolution of all Western economies until the end of the 20th century. They are:

- Declining state intervention in the economy;
- Globalization of markets;
- Segmentation and specialization of markets;
- Deregulation of industries;
- Accelerated technological changes.

The following is a brief description of each of these factors, as they will have a major impact on the development of the New Brunswick economy:

A. Declining State Ownership of Firms and Business Oriented Organizations

In virtually all countries of the world, the 1960's and the early 1970's were periods of rising government intervention in the economic process, mainly due to three factors:

- The desire to lessen national, provincial and regional disparities;

- The belief that state ownership in some industries would provide for better overall economic efficiency through control of some vital inputs;

- Healthy and sustained economic growth rates permitted government budget expansions.

Since the beginning of the 1980's, however, governments have tended to retreat from their interventionist positions. One of the reasons for this retreat is that the 1979 oil crisis, the 1981 recession and growing deficits have pushed governments towards budget austerity, therefore limiting the funds available for further venturing into the private sector. We have also witnessed growing criticism of the long-term efficiency of government owned organizations that either compete in the private sector or prevent private sector development by their mere presence. The deficits of some of these state firms were constantly being supported by fresh government capital, which, for expediency reasons, prevented in turn the firms from taking the drastic measures necessary to become or stay competitive in the long run. A third reason for the tendency of governments to return economic development into the hands of the private sector since the mid-1980's, is that the economy has now recovered from the 1982 recession, and a healthier private sector is more capable of taking charge again. The October 1987 stock market drop may put a damper on this process, as the market value of many of the assets to be disposed of by governments has decreased to the point where governments might no longer be interested.

B. <u>The Globalization of Markets</u>

Another major tendency in today's economic environment is the globalization of markets. Two major factors account for this development typical of the end of the 20th century:

1. World Standard Commonality

The explosion, i.e., increase in speed and decrease of costs, of telecommunications and travel in the last 40 years has brought a growing homogenization of the world's wants and wishes. There is a growing diffusion and standardization of information, personal tastes, knowledge about innovation and technology and of product quality available in the world. This means that the demand for such consumer and industrial products as cars, clothing, soft drinks, weapons, cosmetics, chemicals, manufacturing equipment, computers, semi-conductors and pharmaceuticals has become more and more standardized around the globe, enabling firms to compete in some specific market segments on a worldwide basis, which makes for enormous market opportunities and economies of scale. The consumer as well as the business person wants the product that best responds to his/her needs, regardless of origin.

This world standard commonality has become very evident during the recent stock market adjustments. All stock markets were equally impacted, almost at the same time, and chain reactions could be observed from the time the first market opened in the Far-East, to the time the last markets closed on the Pacific Coast (Vancouver and San Francisco). Trading in financial commodities is now truly a global market.

But further, it also became obvious that financial, fiscal and monetary policies of all major trading partners were intertwined, to an extent not observed before. Major nations cannot isolate themselves from the other major nations.

2. Maturing Domestic Economies of Developed Countries

Contrary to the growth rates of domestic economies in the 1960's and at the beginning of the 1970's, the growth rates of GDP in most developed countries today are much lower. This leads to a situation where sustained growth and expansions of companies in many sectors can only be obtained by seizing market shares of others, or through international expansion. This is why a Canada/U.S. free trade agreement is interesting for the Canadian economy in the long run, as the U.S. economy is both so close and so similar to that of Canada.

The tendency towards world standard commonality and the maturing domestic economies of developed countries since the 1970's have created a new competitive environment where companies need to attain extraordinary market differentiation and dominant economies of scale, cost and quality efficiency in order, not only to compete against others in the export markets, but also in order to protect their position in their own domestic markets. Few companies, either today or in the medium term can remain sheltered from new or foreign competition.

C. Segmentation and Specialization

A major characteristic of maturing industries and economies is the segmentation of markets. Some markets such as automobiles or beer have reached the mature phase of their product life cycle and are experiencing only overall limited growth, however particular niches in these markets have very high growth rates (for example, light beer, foreign brands or high premium beer).

Firms that are able to identify such niches and to offer products whose market positioning, cost configuration, quality, specifications, and prices are well adjusted (i.e. differentiated) to the requirements of these niches will have an advantage over those still competing in cut-throat, no growth, no differentiation, sectors of the economy. This aspect of the specialization of regional economies will become even more evident as Canada enters the 1990's with the Canada/United States free-trade agreement. Having to compete directly with large American manufacturers, Canadian businesses will need to find niches, sectors in which they excel but that larger firms would not enter because the market is too small for them to serve profitably.

D. The Deregulation of Industries

The 1980's have been a period during which industries have gone through a phase of deregulation. In insurance or banking, air or land transportation, or telecommunications, many industries are going through changes that will bring about a higher level of competition. Indeed, firms which have historically enjoyed captive markets, quasi monopolies or oligopolies, or protective price increase regulation now have to face all-out rivalries in their respective markets. This deregulation will have, in the long run, wide benefits for the consumers, but it will also impact strongly many protected regional industries.

Another form of increased competitiveness and changes comes from the far reaching corporate restructuring presently carried out. Low profitability businesses are spun off from corporate holdings in order to improve asset productivity. Undervalued corporations are the object of take-over bids in overheated financial markets. These

changes, which may slow down in the aftermaths of the October 1987 stock market correction, lead to closings of plants, lay-offs of employees and emergence of newly aggressive slimmed-down competitors.

E. Accelerated Technological Changes

The nature of products and services, and the technologies used to produce and market them are changing more and more rapidly. The life cycle of products, services, manufacturing techniques and equipment as well as that of distribution systems and marketing methods are becoming shorter. This means that firms need to make special and continuous efforts to innovate in their products, production processes and management practices because competitive advantages do not last long under the heat of dynamic and innovative competition.

Accelerated technological changes also imply changes in employment. These changes are caused by losses of jobs in failed or restructured firms and by the creation of jobs in new products, processes or firms.

It has become evident that, over time, technological changes do not contribute to a total loss of employment, as improved efficiency in the economy leads to opportunities in terms of new products or services. But technological changes imply that employees must leave their job to find an other and different job. Personal adjustment, training and mobility are required.

TABLE 1

PROPORTION OF JOBS IN THE VARIOUS SECTORS OF THE NEW BRUNSWICK, ATLANTIC PROVINCES AND CANADIAN ECONOMIES, 1980 and 1986

	New Brunswick		Atlantic Prov.		Canada	
	1980	1986	1980	1986	1980	1986
	%	%	%	%	%	%
Primary	7	6	8	8	7	7
Secondary	21	20	21	17	26	23
Tertiary						
- private	63	65	62	64	60	63
- public	9	9	9	9	7	7
Total	100%	100%	100%	100%	100%	100%

SOURCE: Statistics Canada

It should be noted here, that changes in employment is already widely experienced in Canada. We estimate that close to 50%[1] of employees change jobs every year: most of them within the organization of their existing employer, but many by changing employers.

Accelerated technological changes mean that changes of jobs and employers will be more frequent. And finally, they mean that mobility, training and adjustment mechanisms must be put in place to ease the impact of these changes on employees and employers.

3. Future Economic Development of New Brunswick

As Table 1 on the opposite page shows, the distribution of employment per sector of the economy indicates that the only sector that is growing in relative importance is the private tertiary sector which accounted for 63% of New Brunswick jobs in 1980, and which represents approximately 65%, today. Relative employment in the government sector is leveling off, and the proportions of jobs in the primary and secondary sectors of the New Brunswick economy are decreasing.

We shall now look at each of these sectors of the New Brunswick economy and identify the major factors that will characterize them between now and the middle of the 1990's.

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[1] Source: Price Waterhouse

A. Primary Sector

The primary sector accounts for 8% of New Brunswick's economic output and 5.5% of the province's exports. Future growth in this sector is uncertain.

The problem with the primary sector is its dependence on world markets and world prices. The last decade has seen raw material price growth limited by world market pressures due to new entrants such as Brazil and Malaysia (for wood products, for example). Further, New Brunswick does not have a dominant world position in any of the primary products that it produces and/or exports, and therefore very little influence on prices of these products.

From an employment perspective, the New Brunswick primary sector has been stable in absolute numbers but its share of total employment declined by 1% between 1980 and 1986. Two major reasons are responsable for this situation of the last decade:

- The primary sector has gone through a limited growth period;
- Facing stagnant prices many large corporations in this sector have rationalized their operations to keep their position in the market.

Since the primary sector is highly dependent on exterior factors that leave New Brunswick limited control over the future of its operations, we feel that this sector ought to be used as a springboard to develop the downstream secondary sector of processing.

In the sectors of agriculture, forestry, fisheries, or mining, New Brunswick must add further value to its raw materials and target specific segments of the world markets with differentiated semi-finished or finished products. This situation calls for innovation and development by entrepreneurs, and research and support by the government. The New Brunswick economic agents are already engaged in this process but it must be pushed further.

One example of such an innovation in the fisheries sector is the high priced crab substitute made out of blue fish that is transformed and then sold at a profitable margin on world markets.

B. The Service Sector

As seen previously, the private service sector seems to be the growth sector in terms of employment in New Brunswick, as it is elsewhere in Canada and North America. Studies show that income elasticity of demand favors services over goods as income increases. This explains in large part this sector's expansion. (The Role of Services in Rural Development Policies, Lloyd D. Bowder, Land Economics, Vol. 63, No. 1, Feb. 1987).

Consumer, institutional and business services all expand in a period of income growth. Consumer services grow because consumers want, with higher incomes, to satisfy higher levels of needs in their hierarchy of wants and wishes. For example, families dine out more often in order to free themselves of in-house chores.

Institutional services grow in line with consumer services, but are also dependent on demographic variables (age, family size, etc.)

Business services grow for three reasons:

- Corporations are more willing to spend on what they consider less important activities during periods of higher profits. For example, advertising, public relations or donations budgets grow at a faster rate than sales or profits;

- Corporations contract out many of their "less important" activities as a measure to control costs and gain efficiency (for example, cafeterias, messenger services, maintenance, etc.);

- As corporations grow, their needs for business services explode in the areas of international transportation, contracting (law firms), market information (researchers and consultants), financing (banks, brokers) and computer services (hardware and software).

Consumer services often appear in the form of franchised chains originated by outside interests, or that of fragmented outlets that pay lower salaries than in the manufacturing sector, therefore limiting the province's wealth multiplication.

We feel that the growth of services in New Brunswick is advantageous for the province, but development efforts should be concentrated in the first two of the following four categories of service industries:

1. Services That are Exported

Exporting a service implies the import of funds. Therefore, services such as tourism and engineering, which are aimed in part at out of the province markets, are excellent domestic growth generators. In New Brunswick, tourism offers very good potential in this category of services.

2. Business Services

This category of services is very valuable to the economy because of the support it provides to other businesses that expand and prosper. In addition, the salaries in business service fields such as corporate finance, accounting or consulting tend to be higher than average, and they in turn, imply higher discretionary income being injected into the economy.

3. Institutional Services

Decision-making about the growth of institutional services should be left to the various levels of government which assume responsibility for delivery of these services. Special consideration should be given to privately-owned institutions which, as in the field of health care, provide now some services that used to be government run.

4. Consumer or Personal Services

The growth of consumer services should be left to the natural forces of the free market. Companies involved in these activities fall into one of two categories. The first category is composed mainly

TABLE 2

NUMBER OF MANUFACTURING FIRMS
NEW BRUNSWICK
(1980 vs. 1986)

Number of Employees	Under 25		25-99		100+		Total	
	1980	1986	1980	1986	1980	1986	1980	1986
All Commissions	847	1,080	226	267	134	110	1,207	1,457

SOURCE: Department of Commerce and Technology, New Brunswick

of family controlled or franchised chains of stores and tend to be self supportive. The second category is composed of the smaller shops which are easy to open as they require limited capital. But these are very "volatile" and their life cycle is usually shorter. In both cases, these service businesses will appear automatically in response to growth in other sectors of the economy that induces consumer spending.

In all cases, growth in the Service Sector should be based on the economic structure of each region and that of the Province. Thus, growth in tourism should be privileged in certain areas (where opportunities in tourism exist), while growth in business services (e.g. finance) should be concentrated in larger centers where there is already a base of potential clients.

C. The Secondary Sector

Our interviews across New Brunswick have led us to believe that the processing sector of the Province has strong development potential for the future. Small domestic markets and high distribution costs to export markets have historically limited the growth of this sector of the New Brunswick economy. However, we have found quantitative and qualitative evidence of the growing vitality of this sector. This vitality seems to originate in the growing dynamism of the entrepreneurial base of the province.

Table 2 on the opposite page presents data on the number of firms in the manufacturing and processing sectors within three broad size categories. As is shown by the statistics, growth in the number of manufacturing firms come primarily from small businesses (+28%) and medium size businesses (+18%). Further, the number of larger firms,

those employing one hundred or more employees, has declined 18% between 1980 and 1986. This data, issued by the Department of Commerce and Technology, clearly confirms that the vitality of present and future economic growth in the manufacturing and processing sectors lies in the development of small businesses.

Our interviews with entrepreneurs and other economic agents in the province have also permitted us to determine that entrepreneurship (in New Brunswick) is growing, but needs fostering. Any economic development model for the province must incorporate the proper stimulating ingredients to help new businesses to start, and existing businesses to grow.

Let us now review the specific conditions that are required for growth of the different size firms.

1. Large Firms

The limitation to expansion imposed by the domestic New Brunswick market will have the effect of requiring larger manufacturing firms to innovate in order to remain or become competitive in markets outside of the province. Typically, these large firms have the organizational and financial resources needed to develop a better position in these markets, either internally or by acquiring the expertise.

2. Start-ups

This category of firms focuses primarily on meeting local needs that are in expansion, and on the substitution of local, regional or provincial imports. Statistics show that a large number of these

newly created firms will close within a limited time following their start-up, not because the markets do not exist or their product is not marketable, but because of poor management in matching customers' needs and firm's offerings. Fortunately, there is a higher rate of start-ups than closures. The "managers" of these start-ups are often better production technicians than marketers or managers. Among other things, they need management support.

Support is also needed before the firm is created as well as during its creation. For information on availability of funding resources, or for help in the development of a business plan, managerial support greatly help would-be enterprises become - and remain - viable economic entities.

3. Existing Small and Medium-Sized Firms

The main objective for this category of firms is to expand, within the limits of their organizational and financial capabilities, by seizing the market opportunities that are available to them. To do so, management of these firms must identify and exploit a competitive advantage for their organization, either through the specialization of their products or markets, a low cost strategy, a higher efficiency in distribution or any other appropriate strategy. Although the globalization of markets will create opportunities for the stronger companies, it will be difficult for most other companies to export, because of enhanced competition in world markets. It will also make their own domestic markets more vulnerable because of the entrance of outsiders in the New Brunswick markets.

One of the promising ways for start-ups and existing firms to face the challenge of the globalization of markets is through "Strategic Partnering". Small and medium sized New Brunswick firms should look for partners from outside their markets that are willing to share responsibility with them for one or more strategic functions, such as developing or distributing new products or manufacturing some of its components. Although this type of situation tends to lessen the local firm's total control over all of its operations, the advantages are that the firm gains additional strategic strength, is more informed, gains access to larger markets or protects effectively its own markets. Strategic partnering can take the form of licensing arrangements for manufacture or service, distribution agreements, franchising arrangements, joint ventures for development or commercial exploitation, etc.

We believe that the economy of New Brunswick can only attain and maintain an acceptable growth rate through the continued development of entrepreneurship in the province, and the systematic search for strategic partnering.

Free-Trade Canada/US

Ratification of the Canada/U.S. Free Trade agreement has yet to be made by the Parliament of Canada and the Congress of the United States. It is therefore difficult to forecast the probable consequences of such an agreement. But, the following can be noted:

- Overall, Canadian producers of raw materials are likely to benefit from the agreement, and thus the New Brunswick economy would benefit.

- Canadian producers of manufactured products that are sheltered behind high Canadian tariffs and non-tariff barriers are likely to be affected very negatively by the agreement, even if they do already export presently to the United States. This export situation is very often the result of a low American import duty into the US and of the present exchange rate of the Canadian dollar. Many Canadian manufactured products are presently protected by high tariff barriers.

- In those areas where import duty into Canada is presently low and Canadian producers can effectively compete with their American counterparts, opportunities will exist on the American market.

- Manufacturers in New Brunswick may be negatively impacted by Free-Trade, unless they plan to adjust to these new competitive conditions. As phase-in of the agreement will be progressive over a ten-year period, New Brunswick businesses may prepare themselves by ensuring that the transitional process includes the proper knowledge about the rate of drop of import duties, training of personnel and modernization programs.

- Services in New Brunswick will be somewhat sheltered under Free-Trade because of the regional aspect of the New Brunswick markets, but services that are provided on a national basis (such as banking or finance) will most likely undergo profound changes.

II. ASSESSING THE EFFECTIVENESS OF REDCs

II. ASSESSING THE EFFECTIVENESS OF REDCs

The main objective of our mandate was to assess the effectiveness of the Regional Economic Development Commissions in New Brunswick and to recommend improvements in order to enhance future regional development activities. This section adresses the first part of that general objective: the effectiveness of the Commissions.

In order to do so, we used a three phase and eight step method as described in Table 3 on the following page. The first phase was to determine the specific goal and objectives of the Commissions: what were the Commissions destined to do, and how were they expected to function. The second phase (Step 2 through 6) was to assess the results of REDCs from different perspectives through interviews and surveys. The third and last phase was to compare the results with what was intended in the 1981 policy and determine if the Commissions have attained those objectives or not.

1. Goal/Activities of REDCs

The reader will find the 1981 "Government Policy on Regional Economic Development Commissions" in Appendix II. The policy states clearly that "economic growth of the various regions of the province shall be fostered by Regional Economic Development Commissions representing their respective regions". This is the major goal for REDCs. The policy then states ten major activities in order for the Commissions to reach that goal. The following is a list of those activities:

- The commissions should assist in the identification of opportunities and in the creation and expansion of business in all sectors of economic activity.

TABLE 3
ASSESSING THE EFFECTIVENESS OF REDCs

PHASE I: THE OBJECTIVES OF REDCs	
Step 1.	Identify the objectives of the commissions as stated in the 1981 Government Policy of REDCs.

PHASE II: THE RESULTS	
Step 2.	Interviews with commissioners, board members and mayors on the subjects of: - the attainment of the objectives of the 1981 Policy; - the effectiveness of the REDCs
Step 3.	Interviews with senior civil servants to determine their perceptions of the REDCs and their usefulness
Step 4.	Interviews with business people, the principal end-users of REDCs to determine: - their level of awareness of the REDCs and the services - their evaluation of the effectiveness of REDCs
Step 5.	Comparisons between strategic plans of REDCs and their results as presented in their annual reports.
Step 6.	Alternative regional economic development structures.

PHASE III: ANALYSIS AND CONCLUSIONS	
Step 7.	Comparison between the objectives of REDCs and the results obtained.
Step 8.	Conclusions.

- The commissions give an emphasis of prime importance to industrial development.

- The commissions provide a mechanism through which businessmen may be made aware of the services of government.

- The commissions act where necessary as an interface and liaison between local businesses and organizations and different government departments and agencies in matters pertaining to the economic development of the regions.

- The commissions assist in the establishment of an economic infrastructure and environment (such as industrial parks, railways, major roads, etc.) conductive to economic growth in the region.

- The commissions' activities in the area of out of the province new industry development are confined to assisting the Department of Commerce and Technology and no external promotional activity shall be undertaken without consultation with the Department.

- The commissions assist in the promotion of the Small Industries Financial Assistance Program (SIFAP).

- The commissions manages publicly owned industrial lands in the regions.

- The commissions have an annually reviewed established set of operational and functional objectives to direct their activities.

TABLE 4

Average Rating of REDCs Results at achieving Their Objectives Commissioners, Board Members and Mayors

Goal/Activities	Commissioners, Board Members and Mayors
	Average Rating
Goal	
A. The Commission fosters economic growth in the region.	7.9
Activities	
1. The Commission assists in the identification of opportunities and in the creation and expansion of business in all sections of economic activity.	7.0
2. The Commission gives an emphasis of prime importance to industrial development.	8.0
3. The Commission provides a mechanism through which businessmen may be made aware of the services of government.	8.0
4. The Commission acts where necessary as an interface and liaison between local business and organizations and different government departments and agencies in matters pertaining to the economic development of the region.	8.3
5. The Commission assists in the establishment of an economic infrastructure and environment (such as industrial parks, railways, major roads, etc.) conductive to economic growth in the region.	7.3

- The commissions in accordance with negotiated agreements accumulate revenues received from sale of industrial lands and assets in capital accounts for the exclusive purpose of future investment in industrial infrastructure.

2. The Results

A. Interviews with Commissioners, Board Members and Mayors

1. The Attainment of the Goal and the Carrying out of the Activities of the 1981 Policy

Table 4 on the opposite and following pages presents the results of a survey on the attainment of the objectives of the 1981 Policy by the REDC. The survey was administered to 76 individuals including commissioners, board members and mayors in the 12 REDCs of New Brunswick.

The results show that the economic agents responsible for the REDCs in the regions feel that in a general way the REDCs have satisfactorily attained their goal and fulfilled the activities they were supposed to with regard to the 1981 Policy.

The respondents gave an average rate of 7.9 out of a possibility of 10 for the main goal of fostering economic development in the regions, which is very positive. As for the specific activities, the average marks are all above 7, except for the statement pertaining to the Commission's activities in the area of out-of-the-province new-industry development which was given a 6.4 average mark. The reason for this lower mark is that participants in the

TABLE 4 (continued)

Goal/Activities	Commissioners, Board Members and Mayors
	Average Rating
6. The Commission's activities in the area of out of the province new industry development is confined to assisting the Department and no external promotional activity shall be undertaken without consultation with the department.	6.4
7. The Commission assists in the promotion of the Small Industry Financial Assistance Program.	8.6
8. The Commission manages publicly owned industrial lands in the region.	7.7
9. The Commission has an annually reviewed established set of operational and functional objectives to direct its activities.	7.9
10. The Commission in accordance with negotiated agreements accumulate revenues received from sale of industrial lands and assets in capital accounts for the exclusive purpose of future investment in industrial infrastructure.	7.0

commissions feel it should be their privilege to talk with firms outside the region or the province when they are approached or when they feel that an opportunity is available.

On the other hand, few interviewees felt that seek and find programs should be directly organized by or for the REDCs.

2. The Effectiveness of REDCs

Graph 1 on the page following presents the average rating of agreement that commissioners, board members and mayors gave to the following statement: "The commission fosters economic growth in the region."

The overall average rating is 7.9 on a scale of 1 to 10 and reflects a high level of belief on the part of commissioners, directors and mayors, that the commissions do help develop regional economies.

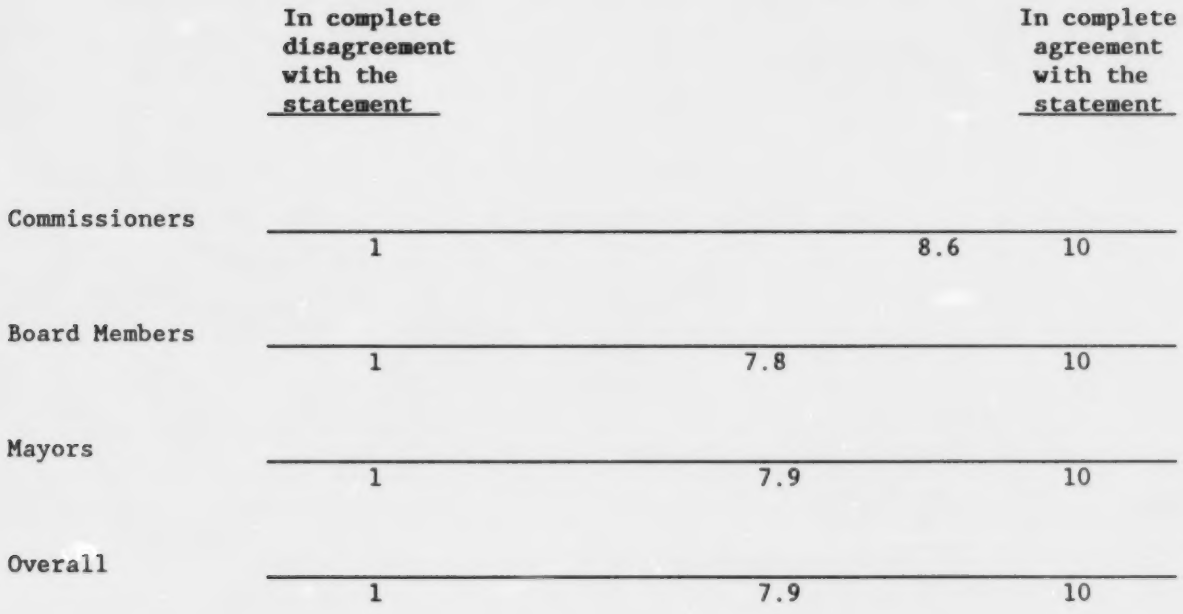
B. The Commissioners

Of the three categories of respondents, the commissioners gave the highest rating of agreement to the statement with 8.6. They seemed to give this comparatively high mark because they are more involved than the other two groups (board members and mayors) in the day-to-day reality of helping entrepreneurs. When asked why they did not give a higher rating, commissioners showed realism in explaining that, although their commission does a good job with its limited resources, there still is room for improvement.

GRAPH 1

AVERAGE MARK GIVEN BY COMMISSIONERS, BOARD MEMBERS AND MAYORS TO THE STATEMENT:

"The commission fosters economic growth in the region."



C. **The Board Members**

Board members of the commissions gave a 7.8 rating of agreement to the statement. When discussing the given ratings, the board members (even some of the presidents) seemed to be less involved in the workings of the commissions than the commissioners. Their ratings and comments often came, more or less, from an "outsider's" perspective. Discussions with board members revealed that in some cases their knowledge of the functioning and role of the commission was less than adequate, a factor which should be considered in the weighing of their evaluations.

D. The Mayors

The mayors from various municipalities who responded to the request to rate the statement regarding the role of commissions in fostering economic growth in their region, allocated a rating of 7.9. One of the reasons for which their rating is more severe, is attributed to the financial contribution made by the municipalities to the commissions. This financial obligation makes the mayors (and also some of the municipal representatives interviewed as board members) more critical in the sense that they tend to look for visible results in their specific community, whereas the commissioners put comparatively more weight on the regional "effort" factor in their answers.

In the face-to-face interviews, mayors from larger urban areas tended to be of the opinion that an urban economic development officer for the municipality in question might produce greater results and more closely respond to the city's specific needs. However, they admit that the smaller outlying areas would be

disadvantaged with less help than in the present situation since the municipality would keep its financing for itself thereby significantly reducing the ability of smaller municipalities to support regional efforts about economic development. As for smaller communities, they sometimes also criticize the commissions. They do not always see the direct results of the commission's efforts in their communities.

Even though they tend to be critical of the commissions, mayors and their representatives do think that Regional Economic Development Commissions are of substantial help in the process of developing the region's economic potential.

Overall, commissioners, directors and mayors think the REDCs do foster economic development because they are closer to business people than any other type of organization; they are flexible enough so that they try and solve different problems for entrepreneurs; and finally there are no other organization with a mission similar to that of REDC's in New Brunswick.

3. Interviews with Senior Civil Servants

We interviewed a total of 36 senior civil servants working for various departments of the New Brunswick and the Canadian governments. One of the objectives of these face-to-face interviews was to obtain their opinion on the usefulness of the REDCs and their perception of their performance.

The results of these interviews are:

- Most civil servants outside of the Commerce and Technology Department are not aware of the specific roles and objectives of REDCs but they feel that REDCs are a positive step toward regional economic development. The most frequent comment was that "... the commissions do a pretty good job" (in helping to develop the economy).

- About a third of the respondents admitted they do not know enough about the workings or the specific results of the commissions to pass judgment.

- A small minority of civil servants say they doubt that the commissions are cost-effective when comparing the results obtained with the costs to the New Brunswick government.

Overall, civil servants are quite positive about REDCs. They feel that REDCs serve the government's goal of enhancing regional economic development, especially because the commissions and their staff operate directly in the "field" and emanate from the field itself, instead of being "parachuted" civil servants. Others said that REDCs assist in eliminating a certain degree of "red tape" which can only please business people. On the other hand, some civil servants said that not all the commissions and their commissioners are as active as they should be in developing "businesses."

4. <u>Interviews with Business People</u>

It is our belief that one of the most important criteria in evaluating the performance of the commissions, is to obtain the opinions of the end-users themselves, the business people. It is

TABLE 5

BUSINESS PERSONS

AWARENESS OF THE COMMISSION (TELEPHONE SURVEY)

	Total	Primary*	Secondary	Tertiary
	%	%	%	%
Spontaneous recall	24	29	31	16
Aided recall	62	42	55	73
Total recall	86	71	86	89
No recall	14	29	14	11
Total	100% (N: 177)	100% (N: 7)	100% (N: 93)	100% (N: 77)

* Data must be analyzed wth caution because of small number of respondants

logical to probe what they think because the commissions were made to help them. But their opinion is also important because their appreciation of the commissions goes further than information on the number of jobs or firms created. These end-users are the business community, and a review of their thoughts on the commissions is the best way to assess to what extent business people are, and feel helped by the commissions, whatever the statistical results.

We have therefore conducted 44 face-to-face interviews and 177 telephone interviews with business people across New Brunswick. The objectives of the interviews were to test the awareness of the commissions and their services as well as to obtain an evaluation of the commissions and their services. Appendix III lists the business persons interviewed face-to-face. Appendix IV details the classification of firms covered by the interviews.

Following are the results of the survey.

A. Awareness of the Commissions

Table 5, opposite, presents the results of the telephone surveys. The interviews tested for both spontaneous recall and aided recall, if required. In the spontaneous recall, interviewees were asked to name a regional economic development organization that helps to create new firms and that helps existing ones expand. Twenty-four percent (24%) of the respondents spontaneously named the REDC in their region. Further, if interviewees did not name the REDC, they were then asked if they had heard of it. Sixty-two percent more said that they had.

TABLE 6

BUSINESS PERSONS

USAGE OF THE COMMISSIONS' SERVICES (TELEPHONE SURVEY)

	Total	Primary*	Secondary	Tertiary
	%	%	%	%
Have used	32	29	40	17
Have not used	68	71	60	58
Total	100% (N: 177)	100% (N: 7)	100% (N: 93)	100% (N: 77)

* Data must be analyzed wth caution because of small number of respondants

This means that only twenty-four percent (24%) of the business people (31% specifically in manufacturing) would spontaneously think of the REDC, should they need help in creating or expanding a business. We think that this percentage is too low, especially as, in numerous occasions, other organizations were named. We believe that one of the objectives of the commissions for the next two years should be to raise this awareness percentage to sixty percent (60%) in the industrial and services sectors as defined on page 72 in: "The responsibilities of the Commissions - B Economic sectors covered". As for the aided recall, it was relatively high, thereby indicating that the commissions are "known" organizations and that the objective mentioned above should be easily attainable. But, in the present context REDC are not spontaneously thought of, when business people require help.

B. General Usage of the Commissions' Services

Thirty-two percent (32%) of the people interviewed said that they had used a commission's services as evidenced in Table 6 (Secondary sectors: 40%). On the one hand, this number is not as high as it could be, but it clearly shows that a good proportion of the potential end-users do come to REDCs for information or for help. A second objective for the REDCs should be to raise this number to 50% in the next two years for the sectors identified on page 72.

C. Services Provided by the Commissions

We asked telephone and face-to-face interview respondents to spontaneously mention services provided by their REDC. When they mentioned a particular service, they were asked if they had used it, and if they had used it, they were asked to evaluate the quality of

TABLE 7

BUSINESS PERSONS

AWARENESS OF THE COMMISSIONS' SERVICES (N: 224)

SERVICES PROVIDED BY THE COMMISSION	AWARENESS AVAILABLE (%)	USED (%)	EVALUATION ON "10" X
Promotion of new projects in the region (regional economic activity)	34	6	9.9
Help to businesses in applying for government programs	32	20	8.4
Information to businesses on government programs	30	18	8.6
Help in maximizing the growth of existing firms	12	3	9.0
Management and sale of industrial land	11	8	8.4
Specialized services such as marketing, accounting, etc.	10	5	9.1
General information services	6	-	-
Promotion of the region	6	-	-
Liaison between businessmen and the Commission	6	3	9.3
Financial help	3	-	-
Consultation and references	3	-	-
Market study	2	-	10.0
Business contact	2	-	9.0
Others	20	-	-

the service obtained on a scale of one to ten. The results are presented in Table 7, repeated on the opposite and following pages.

1. Services Available

The first observation is that no service was spontaneously recalled by more than 34% of the respondents, which is low. It should be pointed out that at this point in the questionnaire, all the respondents knew that the questionnaire concerned their respective REDC as it had been mentioned by the interviewer, and there is no reason why they shouldn't have known what the services were.

Of these services provided by the commissions, the following three are the ones markedly best known by the business community, while the others are far below:

"Promotion of new projects in the region"	... 34%
"Help to businesses in applying for government programs"	... 32%
"Information to businesses on government programs"	... 30%

The REDCs are also widely known for the help they can provide business people with obtaining access to government assistance. This is a respectable service, but as we will discuss in the section on the roles of the REDCs, the commissions should provide help (and be known for it) in a variety of other domains in order to best serve the cause of regional entrepreneurs. In the face-to-face as well as in telephone interviews, we discovered that this high awareness among businesses of the commissions' service of providing better access to government programs had a "negative" side to it. Business people tend to perceive the REDCs as an arm of the government (mostly Commerce and Technology); meaning that often

TABLE 7

BUSINESS PERSONS

AWARENESS OF THE COMMISSIONS' SERVICES (N: 224)

SERVICES PROVIDED BY THE COMMISSION	AWARENESS AVAILABLE (%)	USED (%)	EVALUATION ON "10" X
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Specialized services such as marketing, accounting, etc.	10	5	9.1
General information services	6	-	-
Promotion of the region	6	-	-
Liaison between businessmen and the Commission	6	3	9.3
Financial help	3	-	-
Consultation and references	3	-	-
Market study	2	-	10.0
Business contact	2	-	9.0
Others	20	-	-

REDCs were perceived as being "on the government's side not on ours!" The commissions should try to change this perception. They should be perceived as emanating from the business community, not Commerce and Technology. The best way to do so is to systematically increase the frequency of direct contact with business people, in order to explain to them the roles and services of REDCs, as well as effect some changes to the boards of the REDCs (see later in this report).

The next three best known services are:

"Help in maximizing the growth of existing firms" ... 12%
"Management and sale of industrial land" ... 11%
"Specialized services such as marketing, accounting, etc." ... 10%

It is understandable that these "services" be less known than the three whose awareness ratings are in the thirties. The first is more a role than a service. The second and third services are ones that ultimately could be provided directly by organizations other than the commissions.

The least mentioned services include:

"General information services" ... 6%
"Consultation and references" ... 3%, and
"Business contacts" ... 2%

These services should certainly be no lesser known than "help to businessmen in applying for government programs."

TABLE 7

BUSINESS PERSONS

AWARENESS USAGE AND SATISFACTION OF THE COMMISSIONS' SERVICES (N: 224)

SERVICES PROVIDED BY THE COMMISSION	AWARENESS AVAILABLE (%)	USED (%)	EVALUATION ON "10" X
Promotion of new projects in the region	34	6	9.9
Help to businesses in applying for government programmes	32	20	8.4
Information to businesses on government programmes	30	18	8.6
Help in maximizing the growth of existing firms	12	3	9.0
Management and sale of industrial land	11	8	8.4
Specialized services such as marketing, accounting, etc.	10	5	9.1
General information services	6	-	-
Promotion of the region	6	-	-
Liaison between businessmen and the Commission	6	3	9.3
Financial help	3	-	-
Consultation and references	3	-	-
Market study	2	-	10.0
Business contact	2	-	9.0
Others	20	-	-

2. Services Used

The two services of the commissions used most by survey respondents (see Table 7) are obtaining information (18%), and help in applying for government programs (20%). The third most widely used service is "management and sale of industrial land" (8%).

The lower part of the "used" services column provides strong evidence of the lack of use of these services of the commission which are not well known. One of the major tasks of the commissions should, therefore, be to make its services better known.

3. Evaluation of the services used

The results of the "evaluation" of the commissions' services show that the commissions are appreciated by business people that make use of them. For each service, the average evaluation rating is equal to or higher than 8.4 on a scale of 1 to 10.

The business people that were interviewed face-to-face were generally satisfied with the commissions in their respective regions. This indicated that the commissions are successful in delivering their services and could therefore benefit a greater number of businesses by increasing the awareness of the business community. The major criticism that was brought up was that some commissioners are not active enough in promoting their services and the projects in the region.

TABLE 8

BUSINESS PERSONS

REASONS FOR NOT USING THE SERVICES OF THE COMMISSIONS

	%
No need for services like those of the commissions	33
Does not know the services of the commissions	26
Services of the commission do not answer the needs of certain kinds of firms	11
Large firms have their own means for expanding	3
Others	6
Do not know	11
	100%
	(N: 91)

4. Reasons for not using the services of the commissions

Further, business persons that had not used the commissions' services were asked as to the reasons why. Table 8 on the opposite page clearly indicates that among these people that knew of the commission but had not used their services, the greatest proportion felt that the commission's services simply did not fit their needs (for reasons of preference, kind of business or size, the total represents 18% of all firms interviewed). The second most quoted reason is again lack of awareness about the commission's services:

- Among the ninety-one (91) persons who mentioned reasons for not using the commissions, thirty-three percent (33%) said: that they had no need for services such as those provided by the Commissions. In analyzing this data, the reader must keep in mind that this represents 13% of the total number of respondents only.

- Twenty-six percent (26%) said that they do not know the services of the commissions so they can hardly use them (which supports our previous assumption that if more people were aware of the commissions and their services, more people would use them and be satisfied by them). Of these 26%, 11% came from the secondary sector and 15% came from the tertiary sector.

- The other reasons for not using the services of the Commissions were mostly related to the perception that the commissions do not address their services to certain kinds of businesses.

- A last important fact is that none of the reasons mentioned had to do with bad previous experiences with the commissions.

This information again shows clearly that the Commissions have work to do at improving the awareness of the business community about the services they provide, as well as explain them and render them more meaningful to a larger segment of the business community.

5. **Comparisons Between Strategic Plans and Annual Reports**

In order to also measure in a different perspective the performance of the Regional Economic Development Commissions, we collected the strategic plans of the commissions and compared the objectives and strategies as stated in the plans with the activities and results shown in the latest annual reports.

The strategic plans that were made between 1981 and 1986 typically identify objectives for new jobs to be created and new firms to be started over a period of three to five years. Not all commissions, however, provide a yearly update of their progress with regards to attainment of the objectives as laid out in the strategic plans.

The annual reports each have their own form of data presentation on new jobs and businesses created in the region. Some show the number of jobs created through SIFAP only, others report the "total" number of jobs created but with no mention of the lost jobs during the same period, and some others give a rather complete picture by indicating the "net" number of additional jobs since the last period. Also, some regions report only manufacturing jobs and projects, while others report all sectors.

Although the results are not standardized, it is still possible to determine, to a certain extent, if objectives set in the last strategic plans are being attained within the region.

Table 9 on the following page sums up the findings in terms of data available and obtained results (see detailed results in Appendix VIII).

Out of 12 regional commissions, only 11 publish an annual report. The Greater Moncton Economic Development Authority (GMEDA) does not. Further, the Moncton Industrial Development Commission and the Dieppe Industrial Park which receive funding through GMEDA do not publish data on their results. Out of those 11 commissions that publish an annual report, five published explicit data in their reports, indicating that their strategic objectives had been attained.

The six remaining commissions (those that either give limited or no information on job or firm creations) were contacted by us. The information obtained from them suggests that they had generally attained their objectives, when they had some.

From reviewing available statistical data on objectives versus results, the majority of the commissions have been successful in the 1980s. For instance, the five-year strategic plan of the Northwest Commission called for the creation of 550 new jobs in the manufacturing sector from 1981 to 1986. It also planned the creation of 15 new manufacturing firms over the same period. The Northwest Commission Annual Report of 1986-87 explicitly listed 604 new jobs and 28 new manufacturing firms that were created since 1981.

TABLE 9

	REGIONAL COMMISSION												MUNICIPAL	
	Capital	Carleton	Chaleur	Grand Falls	Kent	Mira-Michi	North-West	Penin-sule	Resti-gouche	St. John Fundy	South-East	Greater Moncton	Dieppe	Moncton
Annual Report	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No
Strategic Objectives Apparently Attained														
New Jobs	Yes	N/A	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A
New Firms	Yes	N/A	N/A	Yes	N/A	N/A	Yes	N/A	Yes	N/A	Yes*	N/A	N/A	N/A

* Only figures for 1986-87

N/A: Not available

Of course this method of evaluating the performance of the commissions has major limits:

- The ease of attaining the results are a function of the difficulty of the objectives. Objectives could easily be set too high or too low thereby influencing the reported results of the commission.

- The number of jobs and firms created are not entirely the results of the commission's work. They are strongly influenced by macro-economic factors (such as the overall rate of economic growth) and by sectoral fluctuations (such as world prices for raw materials). We believe that the new jobs and firms in a region, although strongly influenced by the dynamism of an REDC, cannot be the only element of performance rating. Further, in some cases, REDC are not at all involved in business start-ups or expansions.

- Statistical information on the results of the commissions preclude the more qualitative performance appraisal as well as some of the long-term aspects of the commission's work, such as entrepreneurship development, which cannot be effectively measured over a 5-year plan.

Nevertheless, we feel that all commissions should monitor their regional situation with respect to employment and business creation and failure. Objectives, in line with strategic plans, should be set and actual results with proper analysis and explanations of variations should be contained in annual reports. If nothing else,

this exercise would play an important part in motivating commissioners and board members.

6. Alternative Regional Economic Development Structures

Our assessment of the performance of REDCs is positive, when based on the four means of evaluation: interviews with participants, with government officials and with business people as well as comparisons between strategic plans and results.

On the other hand, REDCs do not represent the only possible organizational structure capable of enhancing regional economic development in New Brunswick. The other structures that could be considered include:

- Regional offices of Commerce and Technology
- Municipal development offices
- Business controlled and financed development offices

The following is a brief analysis of each of the above mentioned regional economic development alternative structures.

A. Regional offices of Commerce and Technology

Advantages

- Regional offices would provide a more direct link between the Department of Commerce and Technology and the business community.

- This formula could bring about administrative advantages in terms of costs for the government as it is believed that New Brunswick could be covered with only six or seven regional offices. The difference in costs, between completely financing six or seven C & T regional offices, and financing 75% of 12 REDCs could be major.

Disadvantages

- The establishment of six or seven regional offices compared to the present twelve REDCs would have the effect of limiting the access of entrepreneurs and would-be entrepreneurs to the services that are presently available to them.

- The priorities for the C & T regional offices would be determined in Fredericton. These priorities would tend to be standardized and would not necessarily respond to local specific needs.

- This formula would limit the involvement of business people and other local economic agents in the economic development process because the orientation and objectives of the regional offices would obviously not come from them.

- Civil servants responsible for the regional offices would possibly want to eventually "graduate" to a Fredericton job with C & T, thereby limiting the depth of their long-term personal commitment to the region's office.

B. Municipal Development Offices (MDO)

Advantages

- Municipalities could develop specific economic development priorities that would be tailored to their own specific needs, without having to make "regional compromises".

Disadvantages

- Limited financial resources would prevent most municipalities from establishing such a development office.
- MDOs would increase competition between municipalities of a same region, would cause expenditure overruns and wastes of resources from a regional point of view.
- The total cost would be greater and per capita basis.
- The total cost to municipalities would also rise (the percentage of funding coming from municipalities is small in New Brunswick compared to other places like Québec).
- The biggest municipalities most able to afford their own MDO, have limited interest in promoting entrepreneurship and small business development.
- The goal to foster regional economic development, would be in jeopardy, as many regions would not be covered by a development office.

C. Business Controlled and Financed Development Offices

Advantages

- Is the "ideal" economic development structure in the sense that business people would take care of their own needs and would relieve the government from its considerable involvement in regional economic development.

Disadvantages

- Such development offices are only possible in regions where there are critical amounts of businesses that can finance the offices. New Brunswick has only a few such areas.

- Such development offices in New Brunswick would therefore create regional disparities and would favor large urban centres.

- Business people in charge of the offices could find themselves in situations of conflicts of interest (where decisions would concern their own businesses).

In summary:

In comparison with the REDCs, the three structures analyzed above lack elements that are of prime importance for the regional economic development of New Brunswick:

1° Geographical Scope

All communities in the province must have the opportunity to participate in a regional economic development organization if regional disparities are to be lessened. This could not be the case with municipal development offices or business controlled offices. These two structures mostly favour larger communities and would leave out the underprivileged regions. As for Commerce and Technology regional offices, they would have to be centralized to a certain point in order to keep a cost advantage over the present system, and therefore would not be close to the business communities.

2° The Participation of Local Economic Agents

Contrary to REDCs, municipal development offices and business controlled offices could hardly be a proper vehicle for the participation of all the economic agents in the regions since they obviously would not cover the totality of the communities in the regions. Likewise, the Commerce and Technology regional offices formula would not permit the creation of board of directors that would set up strategies and orient the action of the offices, therefore limiting the overall participation of local economic agents. Such offices would tend to be "information" offices, instead of active bodies emanating from the local business communities.

Overall the three alternative structures are definitely less attractive than the REDC system. These other systems could not "foster economic growth in the various regions" as efficiently as REDCs presently do.

7. Conclusions and recommendations

The following comments summarize the results obtained from an analysis of each of the information sources that were probed in order to assess the performance of REDCs.

Commissioners, Board Members and Mayors

- Commissioners strongly believe that their organizations foster economic growth in the regions.

- Board members and mayors believe that REDCs are major contributors to economic development. Mayors are more critical of the REDCs performance due to their financial commitments and preoccupation with direct results for their own community.

Senior Civil Servants

- A majority thinks that the commissioners do a good job in fostering regional economic growth.

- A third of the civil servants has no opinion because of limited contact with the REDCs and a small minority does not approve.

Business People

- The total awareness aided and unaided of the commissions by business community respondents is high at 86% (telephone survey), although spontaneous recall at 24% is considered too low, indicating clearly that REDCs are not know enough among business people.

- The awareness of the services available from the commissions is low. The best known services were "promotion of projects in the regions," "information on government programs" and "help in applying for government programs" at 34%, 32% and 30% respectively.

- Important services such as "consultation and references" and "business contacts" had almost no awareness amongst respondents.

- Thirty-two percent of the business respondents used the commissions' services at one time or another.

- When the commissions' services had been used by business people, this latter group highly rated the quality of the services.

- Some business people felt that REDCs were too closely associated to the Department of Commerce and Technology.

Comparisons Between Strategic Objectives and the Results

- Eight out of twelve REDCs provided data indicating that strategic objectives were reached or surpassed.

- In the four other cases, the data was not accessible at the time this report was edited.

Alternative Regional Economic Development Structures

- The most appropriate structure for regional economic development in New Brunswick is the system of Regional Economic Development Commissions, as they exist today.

The four measures of performance we used, as well as the analysis on alternative structures, indicate that REDCs are a significant contributor to regional economic development in New Brunswick and the most appropriate form of organization. REDCs should be maintained. On the other hand, improvements should be made.

We therefore recommend that:

- The government of New Brunswick maintain the Regional Economic Development Commissions as the main vehicle to foster economic development in the various regions of the province.

- The provincial and federal Departments and agencies involved in economic development in New Brunswick should be informed of the mission, the roles and the functioning of REDCs. This would help those departments and agencies to be more cognizant of the REDC activities which would entice them to make use of the REDCs for their own programs and would help the province to develop a more integrated approach to regional economic development. This information program should be the responsibility of the Department of Commerce and Technology.

- The Regional Economic Development Commissions should take the appropriate actions with the business community to raise among business people in their respective regions the awareness about the existence of their organization and the specific types of services they provide.

    - the participants in the commissions must systematically increase their frequency of contacts with businesses in their

regions (more specific measures are proposed in the section on "The Roles of the commissions").

- The Department of Commerce and Technology should propose an awareness program for the commissions and monitor its results.

- Such program should establish: a spontaneous awareness objective for the REDCs of 60% within a two year period, compared to 24% today, and clear objectives for the spontaneous awareness for the services provided by the commissions.

- All commissions should monitor their regional situation with respect to employment and business creation and failure. Objectives in line with strategic plans should be set and actual results, with proper analysis and explanations of variations, should be contained in annual reports.

III. THE ROLES OF THE COMMISSIONS

III. THE ROLES OF THE COMMISSIONS

In the preceding section on the performance of the REDCs, we have established that commissions are significant contributors to regional economic growth in the province. The question that is now pertinent is: "Are the present roles of REDCs best suited to their present and future environments?"

To answer this question, we first propose a regional development model which we believe best responds to New Brunswick's present and future needs, and we then compare the present roles of the commissions to this model. Our comparison is based on:

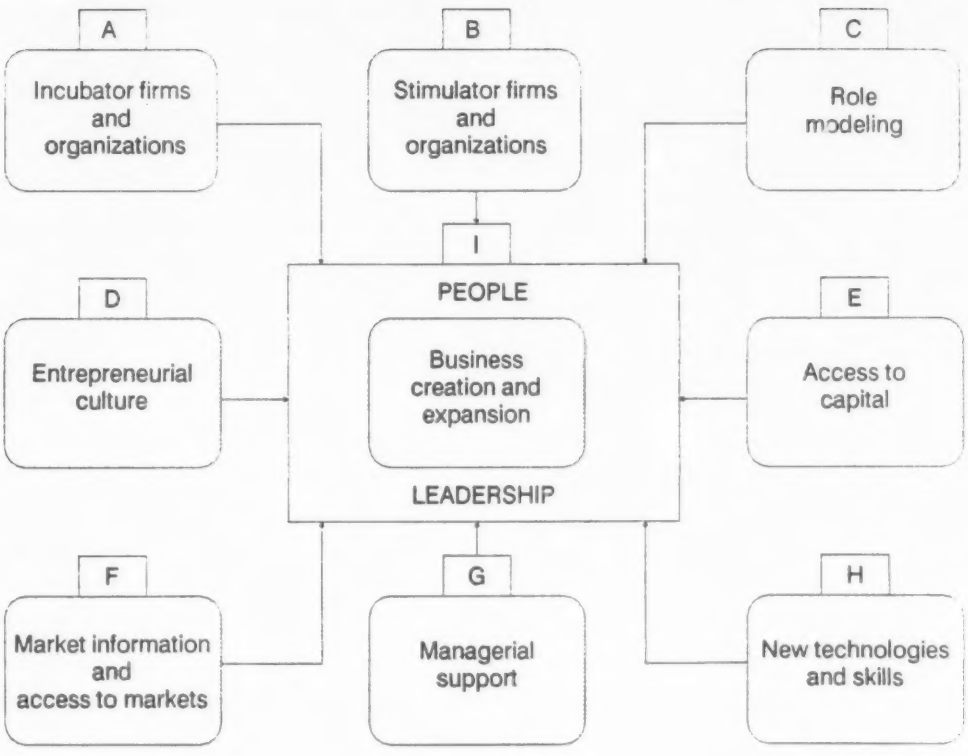
- The evolution of the commissions over the years;
- The opinions of the participants in the commissions;
- The opinions of the commissions' end-users (i.e. the business people);

1. Conceptual Model for Regional Economic Development Through Entrepreneurship and Strategic Partnering

Our analysis of economic growth through entrepreneurship and strategic partnering, and the review of specialized literature on the subject has led us to develop a conceptual model which comprises the environmental and structural elements that must be present in order for small businesses to be created, and then to grow and expand.

Few economic environments offer the complete panoply of all required elements. But governments and economic development organizations, such as REDCs, should concentrate their efforts on developing the

CONCEPTUAL MODEL FOR REGIONAL ECONOMIC DEVELOPMENT
THROUGH ENTREPRENEURSHIP AND STRATEGIC PARTNERING



elements of this model that are presently missing or under-developed in order to:

- Improve the business environment, when certain elements are not available but can be created and developed (such as role modeling or managerial support);

- Recognize, identify and tap opportunities that the economic environment provides (such as stimulator firms or access to capital).

The interaction of these environmental and structural elements facilitates economic development through entrepreneurship and strategic partnering. The more elements are present, the greater the chances are that regional economic development will take place. Finally, leadership and human resources are the necessary ingredients to transform the required elements into business creation and expansion.

Following is a brief description of each of the elements of the model we propose for New Brunswick. The conceptual model is presented in the graph on the opposite page.

A. Incubator Firms and Organizations

These are the businesses, institutions or other organizations in which the future entrepreneur may presently study, carry on research or work. In such an incubator entity, he has access to know-how and technologies (ways of doing things), as well as privileged market information. Through his present study, research or work activities, he may uncover or become aware of business

opportunities. Typically he will identify a market niche that the organization he presently works for is neglecting for many reasons, such as "other priorities" or because the market is not perceived as being large enough to be profitable for a big firm. The presence of incubator firms or organizations breeds would-be entrepreneurs mostly through identification of new market opportunities.

New Brunswick REDC's must identify these incubator firms and organizations within their respective regions, then they must ensure that would-be entrepreneurs presently working there become aware of the situation they are in, and the fact that spin-offs are a normal evolution of their situation.

B. Stimulator Firms and Organizations

Most important for start-ups, stimulator firms and organizations are the ones which will give a new entrepreneur his "first contract". New entrepreneurs ideally need an economic environment that provides for an economic base able to provide first contracts. These contracts are the "chance", the "break" that the entrepreneur needs and, that will permit him to establish the core of a business base and reputation. Stimulator organizations are usually local, because they can relate more easily to the new entrepreneur.

New Brunswick REDC's must ensure that local businesses are ready to accept "regional import-substitution" products and services, and that the efforts required to permit these changes of source of supply are expended by both parties, i.e. the established local buyer and the would-be entrepreneur seller. Stimulator firms may also be strategic partners for a new venture in which they would provide equity and support in addition to the "first contract".

C. **Role Modeling**

This element, we believe, plays a key role in the fostering of regional economic growth through entrepreneurship. Would be entrepreneurs need to believe that success in launching and expanding a regional business is possible. The visibility of successful regional business people to whom they can relate, and the public display of their success stories, lead would-be entrepreneurs to believe that "if he can do it, I can do it!". Although hardly quantifiable, this factor regularly comes out in discussion with new entrepreneurs when we ask them how and why they developed the will to start a new business. This role modeling factor is a vital ingredient of motivation and it leads to a perception of attainable goals and lesser risks.

New Brunswick REDCs must ensure that regional entrepreneurs that have succeeded become known, and that their story be disseminated and understood. Further, the entire process of trying to start a business must be explained, so that would-be entrepreneurs realize that failures are a normal risk associated with entrepreneurship, but that steps can be taken to minimize this risk. Last but not least, it must be explained that a failure does not end the career of a would-be entrepreneur.

D. **Entrepreneurial Culture**

This social support factor relates to the entrepreneurial spirit or culture that prevails in a given region. The three most important factors here are the extent to which the environment brings an entrepreneur or would be entrepreneur to feel that:

- Entrepreneurship, rather than employment, is a sign of autonomy and desire to take his future in his own hands, and that is a well-regarded trait of character;

- It is socially acceptable, and encouraged to take risks; people in his environment support risk taking attitudes;

- The entrepreneur has the right to fail and make mistakes, it is part of the normal risks associated with trying to take advantage of a business opportunity.

New Brunswick REDCs must ensure that the "entrepreneurial gospel" is preached, and that entrepreneurship and business ethics become part of the general economic environment of the region. It must be said that these same factors apply equally to the situation of employees who must display "intrapreneurship" (e.g. a strong sense of entrepreneurship but within an existing corporation) in their work.

E. Access to Capital

Besides his personal savings, and his friends' and relatives financial help, the entrepreneur needs access to capital in order to first start a business, and then in order to expand.

We have identified six (6) forms of capital that should normally be available to the entrepreneur, depending on the phase in which his business is in:

Capital	Phase		
	Start-up	Expansion	Maturity
1. Seed capital	X		
2. Venture capital		X	
3. Debt		X	X
4. Government subsidies	X	X	X
5. Public financing		X	X
6. Tax incentives		X	X

Start-ups need seed capital and government subsidies. Other forms of financing are usually not available because of the high levels of risks associated with start-ups, or not effective, such as debt or tax incentives, because the start-up cannot generate cash-flows or profits for an extended period of time. Venture capital, although more readily available today than in the past, is usually not available for start-ups. Expanding or mature businesses have a better choice of possible sources of financing, but the complexities of the process (such as public financing) involved require them to obtain assistance.

New Brunswick REDCs must ensure that access to capital is known to would-be entrepreneurs as well as expanding businesses. In addition to providing information, REDCs must also be ready to supply advice and assistance, when requested. Strategic partnering plays an important role in providing access to seed or venture capital.

F. Market Information and Access to Markets

The decision to start a business or to expand it, strongly depends on reliable information about the markets and their access. This market information will usually take three forms:

1. Secondary information (industrial studies issued by the governments, available in trade publications, libraries, etc.).

2. Made to measure studies (usually by specialized consultants).

3. Direct information (through personal contacts, visits and prospection).

Entrepreneurial success is obviously dependent on market access, but shrewd market analysis will often offset a major market access deficiency. It can do so by pinpointing accessible niches or identifying alternative distribution pipelines that are, readily exploitable but that are "not visible to the bare eye".

Strategic partnering is a key ingredient of access to markets. It can provide "instant" distribution channels that would otherwise require extended efforts to build up. New Brunswick REDCs should ensure that would-be entrepreneurs and businesses are made fully aware of the major sources of market information, both free and at cost[1]. Further, advice and assistance should be provided in improving access to markets and search for strategic partners.

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[1]This information is available, in great part, from New Brunswick and Federal government departments, and New Brunswick REDCs should be ready to guide entrepreneurs through this search process, as well as open the necessary doors, if required.

G. Managerial Support

The would-be and the actual entrepreneurs both need managerial support in order to transform their undertaking into a viable business. As mentioned before, entrepreneurs are often high quality producers but not always good marketeers or managers. The following are examples of the managerial support that entrepreneurs might need:

Would-be entrepreneurs:

- Information on government programs and availability of seed capital.
- Expertise on the preparation of a business plan.
- Help in establishing a management information system.
- Assistance to obtain access to markets.
- Search for strategic partners.

Actual entrepreneurs:

- The dynamics of expansion.
- Access to market information and research.
- The process to public financing.

New Brunswick REDCs should be in a position to, either provide managerial advice, or refer the entrepreneur to the proper source of assistance.

H. New Technologies and Skills:

New technologies - not necessarily "high technology" - are new methods, new "ways of doing things". This implies, for example, an innovative way of producing, packaging distributing or marketing a given product or service. Companies must constantly innovate in an array of fields in order to maintain an edge on the competition. Existing firms that do not have access to outside industrial innovations and that rely mainly on internal development of new skills are in danger of being eventually bypassed by the markets, because some of their "ways of doing things" become obsolete, therefore non-competitive.

New Brunswick REDCs must assist entrepreneurs in finding access to new technologies and skills. Strategic partnering is a key ingredient to provide new technologies and skills to start-ups and existing businesses of all sizes.

I. People and Leadership

Of course, the above elements take their strength and meaning through people - entrepreneurs or business growth facilitators, such as commissioners - that are dedicated to lead others towards the trials and errors and the eventual success of entrepreneurship.

New Brunswick REDCs must bring people together and provide entrepreneurship leadership.

This conceptual model for regional economic development through entrepreneurship and strategic partnering, in our opinion, best fits New Brunswick's needs for the present and future. It is

against this model that we have compared the roles of the New Brunswick REDCs in the following section of this report. Our conclusions and recommendations will also be presented according to this model.

2. The Evolution of the Commissions Over the Years

The twelve REDCs in New Brunswick were created between 1971 (Restigouche) and 1982 (Carleton) to "foster economic growth in the region(s)."

In the beginning, having just been created, the REDCs of New Brunswick had a lot of basic work to accomplish. From a practical point of view, development officers dedicated a significant portion of their time to four major activities:

- establishing an economic profile of their region;
- facilitating access to government programs for business people;
- lobbying for, and developing a regional infrastructure;
- setting up and managing industrial parks.

These activities were legitimate priorities at the time. In many cases regional profiles were non-existent; business people were uncertain of the proper channels and procedures to follow in gaining access to government assistance in order to start up or develop their businesses; the regional infrastructure was insufficient (as is still the case in some regions); and municipalities lacked a strong common regional vision about their economic development.

Today, the youngest REDC is already five years old. We have found that the need for three of the activities that were previous

priorities has decreased over the years as the commissions have matured, and as changes in the economic environment have taken place. We have also found that the commissioners in a majority of the regions continue to allocate a disproportionate amount of their time to some of these tasks.

- Economic profiles of the various regions have now been established. All of the commissions have their own economic development strategies which adequately describe the economic landscapes of the regions. The need is therefore simply to update these profiles every year or so, in order to reflect significant changes in the regions. The assistant to the commissioner or the commissioner's secretary can do this job.

- Although lobbying for regional infrastructure is still needed today because some regions lack some appropriate roads, airports, ports, railroads, or other types of infrastructure, and that these lacks hamper regional economic development, we feel that developing regional infrastructure is today more the responsibility of political bodies than that of economic development offices, especially since municipalities today are more aware of the relationship between a quality regional infrastructure and economic development, than they were 15 years ago.

- As for industrial parks, even if their usefulness in generating economic development has been criticized over the years, we feel that their existence is not an impediment to economic development, but an asset. Their presence is a positive step towards economic growth because it provides suitable and quality physical environments for businesses to locate and

expand. On the other hand, we feel that the management of industrial parks by REDCs is questionable because industrial parks are not in themselves a "development" tool. Therefore, now that industrial parks have been established in every region (see Appendix VII), REDCs should be freed from managing these assets. This would permit them to allocate more of their time to entrepreneurship development and promotion activities that are more valuable to the economic growth of the regions. In that respect, REDCs involvement should be limited to promoting industrial parks, and management of industrial parks should be transferred to other government bodies, such as municipalities, or to the private sector.

- Management of other types of infrastructure assets (such as airports or buildings) should also be removed from the responsibilities of REDCs[2]. For the same reasons, REDCs should prioritize more of their activities to directly enhancing entrepreneurship and strategic partneering.

- We do realize that these changes of responsibilities from REDCs to other government bodies, most likely municipalities, entail serious consequences, and may require further studies for each of the industrial parks or other assets concerned, before the transfer can be effected. But, we strongly believe that REDC's should be only involved in the "software" components of economic development and entrepreneurship and not the "hardware" parts. Municipalities are already equiped to remove snow, cut grass, add water mains or sell industrial

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[2]Further, we have observed a case where actual ownership of the physical asset rests with the REDC. We think this is inappropriate.

land. On the other hand, REDCs by assuming these responsibilities cannot as effectively deliver the rest of their responsibilities which we feel in the present economic circumstances are more important than the management of assets. Finally, in certain cases consideration should be given to transferring some of these assets to the private sector.

- REDCs should retain only the responsibility to promote industrial parks, in a manner consistent with the way they promote other strategic advantages offered by their region to new or expanding business. Every other aspect of management of industrial parks or other physical assets should not be part of the REDCs responsibilities.

- Concerning the task of facilitating the access of business people to government programs, we feel that it is as pertinent today as it was 15 years ago. Many business people in the province, especially those from smaller firms, need the commissions to assist them in identifying and applying for the various government assistance programs that are available.

In conclusion, we recommend that REDCs:

- Reduce drastically their efforts at establishing and updating economic profiles of their regions;

- Remove themselves from the ownership or the management of physical assets such as industrial parks, buildings or airports;

- Do not get involved in lobbying activities for regional infrastructure beyond making appropriate recommendations;

- Use the time and resources thus freed to increase their entrepreneurship development and promotion activities, as well as assistance to would-be or expanding entrepreneurs.

3. The Opinions of the Participants in the Commissions

In order to determine the attitudes and perceptions of participants in the REDCs with regard to the role of the commissions, we conducted a quantitative survey among commissioners, board members and mayors in each region of New Brunswick.

The survey had three specific objectives:

- to determine the relative importance that participants think should ideally be given to a list of potential roles for the REDCs;

- to determine the participants' perceptions of the relative importance presently given to these roles by their commissions;

- to identify differences and reasons for these differences between what is thought to be the ideal profile and the present importance of the given roles.

The respondents were presented with a list of potential roles for the REDCs and were asked to mark them in descending order of importance while thinking of what their commission should ideally be doing. They were then presented with another copy of the same list

TABLE 10

THE ROLES OF THE COMMISSIONS: IDEAL RANKING AND PRESENT RANKING
PARTICIPANTS IN THE COMMISSIONS: COMMISSIONERS, BOARD MEMBERS AND MAYORS

	Ideal Ranking of the Commission's Roles	Present Ranking of the Commission's Roles
Promote government development programs by informing business people	3	3
Help develop new industries	1	2
Manage industrial parks and sites	9	7
Help social development in the region (through high schools, hospitals, etc.)	11	11
Help existing industries/businesses expand	2	1
Engage in out-of-the-province search for business opportunities within the Commission's territory	7	10
Provide specialized services to local businesses such as marketing, accounting, etc.	8	9
Help entrepreneurs find financing for their ventures	4	4
Develop a regional economic infrastructure (roads, airports, ports, etc.)	10	8
Provide a focal point for coordinating activities of local business people and others involved in economic development in the Commission's territory	5	5
Establish a profile of the region and keep it up-to-date	6	6

of roles and were asked to rank them in descending order of importance while thinking of what their commission is presently doing. When the interviewees were through ranking the "ideal" and the "present" roles of their commission, a thorough discussion followed on the rankings of the roles as such, and on the differences between "ideal" and "present" rankings.

Table 10 on the opposite page presents partial results of the survey as compiled with the Statistical Package for the Social Sciences software ($SPSS^X$).

A. The "Present" Ranking of the Roles

The survey confirms the importance that all three categories of participants in the commissions (commissioners, board members, mayors) presently give to the development of existing industries and the creation of new industries in their regions.

In the process of attaining these two goals, the participants see their most important role as facilitating the access to capital for business people; firstly, through the promotion of government development programs and secondly through the help that they can provide entrepreneurs finding financing for their ventures. This situation reflects the historical need of business people in New Brunswick to resort to government help when starting or expanding their businesses. The participants in the commissions, especially in more remote regions, recognize this reality and act upon it.

The participants in the commissions, especially commissioners and board members, have ranked the role of "providing a focal point for coordinating activities of local business people and others involved

in economic development" as an important one. The mayors have given an average "present" ranking of "6" for this role, compared to "5" for the other two groups. This is normal since mayors tend to see themselves, the elected representatives of the people, as the leaders of their community.

The roles of "establishing a profile of the region and keeping it up-to-date", "managing industrial parks" and "developing a regional economic infrastructure" are respectively rated in the sixth, seventh and eighth positions in the "present" ranking of the roles by the participants in the commissions.

They are followed by "provide specialized services to local businesses" (ninth), "engage in out-of-the-province search for business opportunities within the commission's territory" (tenth), and finally "help social development in the region" (eleventh rank).

B. The "Ideal" Ranking of the Roles

The "ideal" ranking column indicates that commissioners, directors and mayors feel that the importance presently given to eight out of eleven roles reflects the ideal situation for their commissions. This is good news. It suggests that the participants in the commissions feel that the activities of their commissions are those which they find important for regional economic development.

It is interesting to note that the role of helping to develop new industries and the one of helping existing industries expand are reversed in importance in the "ideal" situation compared to the "present". To "help develop new industries" which is ranked second in the "present" column, becomes first in the "ideal" column, and

"helping existing industries expand" is first in the "present" roles, while it becomes second in the "ideal" column.

We find that this desire to focus on new business start-ups reflects an evolution in the participants' comprehension of the mechanisms behind economic growth in regional development. The perception that smaller firms create more jobs than large ones has made its way into the field. Economic agents now recognize that the long-term future of the province's economy relies on, in great part, the small businesses that are being created today.

When asked why there exists a discrepancy between their ideal ranking and their commission's present activities with regard to start-ups and existing businesses, commissioners and board members speak of additional resource requirements. The day-to-day involvement with existing industries and their other tasks, they say, prevent them from giving more importance to their role as developers of new industries.

We believe that it is purely a question of priorities and not of additional resources, and that the REDCs should adjust the thrust of their activities accordingly. We have made recommendations in the previous section of this report about the redistribution of the REDCs' present activities in line with the above comments.

Major Differences

Three major differences are found between "present" and "ideal" roles. Two of them are for roles that should be given less importance, according to the participants.

The first is the management of industrial parks. Most commissioners, board members and mayors feel that managing industrial parks is a time consuming task that is not a development related activity. We support this argument as we have seen in the previous section.

The second role that participants feel the commissions should give less importance to is the development of a regional economic infrastructure. Most commissioners and board members argue that the development of a regional economic infrastructure is very important for economic growth and they do presently participate in it. But the "ideal" situation would have commissions taking care of more directly related economic development activities. In other words, if commissions presently take part in the process of developing the infrastructure of the region, it is by default; it is because others do not always seem organized to do so. Ideally, the provincial and federal governments in association with municipalities would develop whatever infrastructure is needed in the region. Commissions should not have to get involved. Commissions should be involved with the development and the maintenance of the "software" of regional economic development, not the construction and management of the "hardware".

The last role where the "present" ranking and the "ideal" ranking do not coincide is concerning the engagement of commissions in out-of-the-province search for business opportunities. Commissioners and mayors do not see the need for such activity but board members strongly feel that the commissions should look for out-of-the-province opportunities that could benefit firms in the region. This does not mean, in their minds, open "seek and find" activities in the sense of going to the United States or Japan and convincing

manufacturing companies to establish plants in the region. It means being open to external opportunities. It could mean organizing business trips for regional business people to visit processing plants in other New Brunswick regions or regions such as La Beauce in Quebec or Boston, Massachusetts. The participants would be responsible for their transportation costs and other expenses. Open out-of-province seek and find activities should remain the sole responsibility of the provincial government while the commissions should be involved in support activities as requested by government sources.

4. The Opinions of the End-Users (Business People)

A. The Ideal Ranking of the Roles

Business people were not in a position to rank the "present" roles of the commissions because they do not, as we have seen earlier, have a full awareness of the specific day to day tasks of the commissioner, his staff, and the board of directors. In the face-to-face interviews we asked them to rank what they considered to be the "ideal" roles for their commission. The results appear in Table 11 on the following page and are presented so that comparisons can be made with the "ideal" rankings of the people that run the commissions and are responsible for them.

In agreement:

It is interesting to note that business people tend to agree strongly with the participants in the commissions on the most important roles, and the least important roles. This indicates

TABLE 11

THE "IDEAL" RANKINGS OF THE ROLES OF THE COMMISSIONS COMMISSIONERS, BOARD MEMBERS AND MAYORS VERSUS BUSINESS PEOPLE

	Commissioners/ Directors/ Mayors	Business People
Help develop new industries	1	2
Help existing industries/businesses expand	2	1
Promote government development programs by informing business people	3	3
Help entrepreneurs find financing for their ventures	4	7
Provide a focal point for coordinating activities of local business people and others involved in economic development in the Commission's territory	5	6
Establish a profile of the region and keep it up-to-date	6	10
Engage in out-of-the-province search for business opportunities within the Commission's territory	7	4
Provide specialized services to local businesses such as marketing, accounting, etc.	8	5
Manage industrial parks and sites	9	8
Develop a regional infrastructure (roads, airports, ports, etc.)	10	9
Help social development in the region (through schools, hospitals, etc.)	11	11

that there is a strong consensus between the priorities of economic agents and business people in the regions of New Brunswick.

Concerning the development of "existing" versus "new" businesses (most important roles), it is understandable that business people think of their own "existing" firms before new or not yet existing ones. Although they feel that developing new firms is very important, business people think that the existing firms are what counts the most because they are real and can be helped in a very practical and immediate manner. Some business people also mention the fact that existing firms must be supported since lost jobs represent a more visible disaster than the same number of jobs that would "not be otherwise created".

As do the participants in the commissions, business people feel that the management of industrial parks and the development of a regional infrastructure are important tasks but should be secondary roles in the action plan of a commission.

As for help for social development in the regions, both groups of interviewees generally agree that it <u>is not</u> and <u>should not</u> be the role of the commissions to engage in such activities. Social development is the role of federal and provincial institutions. On the other hand, people in some more rural regions, (commissioners, board members, mayors and business people) have indicated that social development through the institution of training programs in community colleges or the construction of a hospital <u>are job creating activities</u> as well as providers of better environments in the region.

TABLE 11

THE "IDEAL" RANKINGS OF THE ROLES OF THE COMMISSIONS COMMISSIONERS, BOARD MEMBERS AND MAYORS VERSUS BUSINESS PEOPLE

	Commissioners/ Directors/ Mayors	Business People
Help develop new industries	1	2
Help existing industries/businesses expand	2	1
Promote government development programs by informing business people	3	3
Help entrepreneurs find financing for their ventures	4	7
Provide a focal point for coordinating activities of local business people and others involved in economic development in the Commission's territory	5	6
Establish a profile of the region and keep it up-to-date	6	10
Engage in out-of-the-province search for business opportunities within the Commission's territory	7	4
Provide specialized services to local businesses such as marketing, accounting, etc.	8	5
Manage industrial parks and sites	9	8
Develop a regional infrastructure (roads, airports, ports, etc.)	10	9
Help social development in the region (through schools, hospitals, etc.)	11	11

Differences:

Comparisons of "ideal" roles as listed under both columns in Table 11 show some areas of divergence between participants in the commissions and their "clientele." In Table 10, we had identified a tendency for the commission's participants to rank "out-of-the-province" search for business opportunities" and "provide specialized services to local businesses" higher in the "ideal" roles column than in the "present" roles column. This indicates a desire for a greater emphasis on these roles. Table 11 indicates that the business community would like the commissions to give even more importance to these two roles. It would be useful for the commissions to organize (not finance) more business meetings between local business people and economic agents from outside of their regions. We also feel that commissions could indirectly provide specialized regional management advisory services to the business community by developing a list of active or retired business people willing to help entrepreneurs in need of counselling or guidance. These specialized services could be offered on a voluntary basis or at a low cost or through direct implication[3] and would greatly help fill the needs of businesses for specialized services. The commissions should not try to provide marketing or accounting services by themselves because they lack the human and financial resources to do so. We realize that it may be difficult to find such advisory business people in some regions. Consideration should be given to creating a provincial pool of such persons, and make use of the resources available through the CASE program of the Federal Business Development Bank.

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[3]Direct implication implies that the individual could take part ownership in the company in need of assistance or become a board member.

TABLE 12

SECTION ON: SUGGESTIONS OF OTHER SERVICES

	%
Specialized consulting services	22
Promotion of entrepreneurship in the region	20
General business information service	15
Financial help	11
Upgrade business management in the community	9
Improve the region's infrastructure	9
Help small business	9
Data banks	7
Others	22
	124%*
	(N: 55)

* Total superior to 100% because of multiple mentions

Table 11 also reveals another interesting fact: business people do not rely on the commissions to find financing for their ventures, aside from government programs. When discussing this subject with entrepreneurs we realized that for many, the commissions are perceived as being an arm of the Department of Commerce and Technology in the regions. Therefore their major contribution in terms of finding financing is perceived as being the entry to the various government programs. The second reason why entrepreneurs do not perceive the commissions as facilitating access to private capital ... is that very few presently do it! A vast majority of the commissions have very limited links with seed or venture capitalists (in part because there are few in the regions).

Finally, it seems that entrepreneurs are unconcerned about the establishment and updating of a profile of the region. Their "ideal" ranking of "10th" (one before last priority) compared to "6th" for the other group for that role and the personal interviews show that they do not think such an activity enhances economic growth in their region.

B. Suggestions for Other Services

In the telephone interviews and the face to face interviews we asked business people if they could suggest any services that were not presently provided by the commission. The results appear in Table 12 on the opposite page. The three most important services requested were "specialized consulting services" (22%), "more promotion of the region" (20%) and "general business information services" (15%). The first suggestion confirms the need for the commissions to tap the available professional potential and set up

groups of "consultants" that could help entrepreneurs; if private industry is not available to do so.

The second suggestion refers to the promotion of entrepreneurship in the regions. Business people would like to see the commission play a more active role in the development of entrepreneurship in the region. This need was also discussed during personal interviews. Entrepreneurs often suggested that commissions should try to generate an entrepreneurial spirit or atmosphere in the regions so that young people would be influenced to start their own business instead of leaving the region in search of jobs in other urban Canadian centres.

The third major suggestion for "other services" is a general business information service that entrepreneurs and future entrepreneurs could use to access information on all government programs, on ways to gain access to markets, technologies, etc.

We will not comment on the other services suggested by business people in the survey because at 11% and under, for a sample of 55 respondents the statistical validity of the suggestions is questionable.

5. Conclusions and Recommendations

The observations made about the evolution of the REDCs over the years and the opinions of the participants and the end-users of the commissions, converge in their assessment of the situation. Combining these to our own judgement and experience we believe that REDCs should proceed to a change of priorities to their activities. Some activities should be abandoned or greatly reduced, and the time

and resources thus freed should be put to use for increasing the priority and level of other activities. We are of the opinion that it is a matter of realignment of priorities and of redistribution of resources rather than that of need for additional resources. Overall, REDCs do enjoy the proper level of resources in the present conditions. Additional resources for the commissions should not be considered before this realignment of priorities is completed.

In general, the activities that should be abandoned or greatly reduced are akin to the "hardware" of regional economic development. Our specific recommendations are:

- REDCs should not be involved with the management (and ownership) of industrial parks and other types of physical assets. These assets should be transferred to government bodies or the private sector. Municipalities are in the best position to take over ownership and management of these assets. Studies should be made for each specific situation in order to plan the transfer properly.

- REDCs should not be involved in activities related to regional social development.

- REDCs should be selective in lobbying activities for regional infrastructure. Local and regional political bodies are in a better position to do so.

- REDCs should greatly reduce their profiling of the regional economic base, and limit it to an annual up-date.

In general, the activities that should be expanded relate to the "software" of regional economic development. Our specific recommendations are:

- Help to create new businesses should become the first priority of REDCs. The development of regional entrepreneurship should be the long-term objective. Assistance to would-be entrepreneurs is the short-term objective.

- The second priority should be to help existing businesses expand.

- The major form of assistance to entrepreneurs that REDCs can provide is to promote existing government programs and guide entrepreneurs through them to ensure that they obtain the best form and the most government assistance possible.

As a second set of priorities, we believe that REDCs should also concentrate more efforts to:

- Organize out-of-the-province business and industrial missions for their regional entrepreneurs, as well as receive business delegations in their regions, in order to develop more business opportunities; these missions should not be financed by REDCs but rather by the businesses that participate;

- Provide access for regional businesses to low-cost business advisory services, including advice on financing of new ventures;

- Be the focal point for coordinating the activities of business people and other economic agents involved in economic development of the Commission's territory.

In the following section of this report, we make use of this new set of priorities to develop the responsibilities of the REDCs according to the conceptual model of regional economic development through entrepreneurship and strategic partneering, we proposed earlier.

The Responsibilities of the Commissions

Following are the major responsibilities of the Regional Economic Development Commissions of New Brunswick, as they should evolve from now to the middle of the nineties.

A. The Mission

The REDCs in New Brunswick should have the following mission:

"Foster economic growth in the regions of New Brunswick by enhancing the economic base specific to each of the commissions' regions through entrepreneurship and strategic partnering."

B. Economic Sectors Covered

REDCs should engage in the development of:

The Industrial Sector: all industries, with special emphasis to processing activities.

The Services Sector: business services and "exportable" services, such as tourism.

For the other sectors, REDCs should abide by the following guidelines:

The Primary Sector: large firms in this sector do not require assistance from REDCs; small firms are usually serviced by existing regional offices of government departments (Mining, Forestry, Fisheries and Agriculture) both provincial and federal. REDCs

should not be involved with primary sector firms unless they are involved in processing activities.

Personal Services: largely local, personal services such as retailing do not require much assistance for firms to be created and expand. Targeted at the population in general, the forces of the local markets will determine the testing of these firms, and as a general rule entrepreneurship in personal services is sufficiently developed. In some cases, limited in numbers, REDCs could be involved in the creation or expansion of firms in personal services (a shopping center, for example), if the project will result in the creation of a significant number of "net additional regional jobs", and not simply displace existing jobs.

Institutional Services: REDCs should not be involved in the creation or expansion of governmental institutions, as these do not result from entrepreneurial ventures. REDCs could be involved in private sector initiatives for institutional services provided the criteria of a significant number of "net additional regional jobs" applies.

C. The Target Clientele

The target clientele for the REDCs are entrepreneurs involved in small and medium sized businesses; mostly people involved in the creation and development of firms that comprise less than 100 employees. They can be separated into two distinct groups:

- Would-be entrepreneurs planning on starting up a business;

- Entrepreneurs willing to engage in an expansion of their existing firm.

Most commissions presently concentrate predominantly on the second group, but we feel that REDCs should devote half of their resources at the activity of developing new firms. As we have seen, new firms are major contributors to economic growth in the Province and represent the future of New Brunswick. Activities related to the creation of new firms involved development of role modeling and the entrepreneurial culture. Later in this report, we suggest specific activities to be undertaken by the REDCs in these areas.

REDCs should not become involved in the development problems of large firms. These firms have alternative sources of assistance not readily available to the small enterprises. Should any major employment problem of a large firm develop, the New Brunswick Job Protection Unit is present to help find appropriate solutions,and the REDC should only make sure that it is properly alerted to the situation in time. Commissions may be involved in these types of situations if the proposed solutions include regional entrepreneurship development programs.

Commissions should stress in their promotional activities and behavior that they are independent regional economic development tools, not an arm of the Department of Commerce and Technology in the regions, even if their budgets are largely dependent upon Commerce and Technology.

D. The Major Objectives

Based, on our previous conclusions and recommendations, the major objectives of REDCs should be to:

- Help create a regional environment conducive to entrepreneurship ventures and assist would-be entrepreneurs in their undertakings.

- Assist existing firms in the design and implementation process of their expansion projects.

- Become a "first stop" bureau where regional entrepreneurs, both actual or potential, would obtain, directly or indirectly from the REDC, information, advice and support about their ventures, the assistance available from government sources, as well as from any other sources.

E. The Roles of the Commissions

Following are the specific roles that REDCs should play in order to fulfill their mission in the regions of New Brunswick. These roles are classified according to the ten groups which relate to the elements of our conceptual model for the development of the economy through entrepreneurship and strategic partnering. These sets of suggested roles for the REDCs are targeted at creating the "ideal" environment for entrepreneurship to blossom in New Brunswick. Some of these roles are short term, others have a medium or long term focus directed at improving entrepreneurial spirit and development in the province.

1) **Access to Capital:**

- REDCs should provide information and advice to entrepreneurs regarding governmental funding programs for businesses.

- The commissions should facilitate access to capital for the entrepreneurs by helping them prepare business plans for the presentation of their projects to would-be investors, banks or other financial institutions. In many cases, entrepreneurs have difficulties finding financing for their ventures because their projects are not well explained and documented.

- REDCs should serve as catalysts in the creation of regional business development funds; i.e. seed or venture capital clubs or firms. This activity for REDC's would entail:

  - identifying individuals or corporate bodies susceptible to contribute resources to these funds (wealthy entrepreneurs, large businesses or financial institutions);

  - regrouping these potential investors and raising their interests;

  - providing information, advice and encouragements to get the funds started.

  We do not recommend that REDCs invest in these regional business development funds. Further, if in certain regions it proves to be difficult to start such a regional business development fund, we recommend that REDCs group themselves to

create larger pools of resources, or that consideration be given to a provincial business development fund.

- REDCs should help entrepreneurs find "strategic partners" that may contribute capital resources to new ventures.

2) Managerial Support

- It is not the role of the REDCs to directly provide specialized consulting services such as marketing, production or accounting, but

- the commissions should establish a bank of active or retired professional and business people who could be consulted on a voluntary basis, at a low-cost or within the framework of ownership or profit-sharing in the firms. Such a "bank" would provide alternatives for the entrepreneurs who need help for some of the decisions to which they are confronted, but for which they presently do not readily find assistance. If in certain regions, difficulties are encountered to constitute such a bank of advisors, consideration should be given to create a provincial bank.

3) Market Information:

- The REDCs should be aware, and ready to provide as required, sectoral studies that are available free of charge or at a low cost through the provincial and federal governments as well as other organizations for business people to consult. The commissions should know how to locate and obtain such studies and other market information. These studies are usually

available in central libraries or directly from the various government departments concerned.

- The commissions should be alert to any market information, from outside or inside the region, that identifies a business opportunity for dissemination to the appropriate regional entrepreneurs.

4) Access to Markets

- REDCs, alone or in cooperation with other regional commissions in New Brunswick, should organize trade events to identify supply substitution opportunities. This activity would permit suppliers in each region to identify and interact with potential purchasers anywhere in New Brunswick. Import substitution and subcontracting within New Brunswick would be the major objectives of these trade events.

- The commissions should organize business and industrial missions to trade events outside the province in geographical markets to which New Brunswick firms are not exporting enough but that show good potential (Québec, New England, Ontario for example). These events should be financially self-sustaining and funded by businesses.

- REDCs should assist entrepreneurs at finding "strategic partners" that may provide much needed access to markets not served.

5) Stimulator Firms and Organizations

- REDCs should help would-be entrepreneurs identify amongst the existing businesses in their own region, as well as in other regions of New Brunswick, stimulator firms that could give "first contract". Commissions should also assist these would-be entrepreneurs in convincing these stimulator firms to give the "first contracts".

- Commissions should contact larger firms in their own region and determine with them on a systematic basis the possibilities of regional import substitution by local suppliers. Such imput/output search always lead to business opportunities, directly or indirectly. Commissions would then offer these business opportunities to would-be or existing entrepreneurs.

6) Incubator Firms and Organizations

- Commissions should be more receptive to would-be entrepreneurs that possess specialized technical skills and come from incubator firms in the region. Employees in well established firms have a higher potential rate of success in the starting of a new business because of hands on expertise and experience about technology and market information. They are therefore less inclined to make strategic mistakes when starting their own business.

- Commissions should aim part of their entrepreneurship promotion activities at employees of these incubator firms and organizations, and adjust their form of asssitance to their

specific needs (financial resources, managerial support, for example).

7) **Role Modeling**

- Commissions should constantly publicize the successes of local businesses and local entrepreneurs through articles in the local papers, the publication of a short newsletter (budget and resources permitting), as well as any other media event (radio or television) which may have a positive impact on publicizing successes of local entrepreneurship and strategic partneering.

- Commissions should organize an annual competition for entrepreneurs in which we suggest a prize for:

  - the start-up of the year (a firm that has been set up within the last year and that has shown exceptional initial success);

  This competition could also be organized at the provincial level, where two additional prizes would be added;

  - the "expansion" firm of the year (a firm that has been in existence for some time and that has known repeated phases of expansion);

  - the "stimulator" firm of the year (a firm that has put particular efforts into giving a local firm a chance to a "first contract".

The provincial event should be organized by the REDCs in different regions every year and a maximum media attention should be given to this event.

8) **New Technologies and Skills**

- Commissions should organize - not fund- industrial visits in other regions of New Brunswick as well as outside the province, so that entrepreneurs in specific sectors can be introduced to what other firms are producing and how they are doing it. The search for "strategic partners" could also be part of these visits. REDCs should not fund these visits.

- Commissions should put a particular emphasis on informing business people about the possibilities offered by the government programs relative to technological innovation.

- Commissions should emphasize to their entrepreneurs the availability of government assistance to upgrade the skills of their employees.

- REDCs should assist entrepreneurs in their search for strategic partners that may provide them with needed technologies.

9) **Entrepreneurial Culture**

- In most parts of New Brunswick, and especially in certain regions, the population needs to "believe" that local entrepreneurship is possible and can be successful within limited and controllable levels of risks. Most often, men and women are skeptical about the possibilities of starting a

successful business, and large local firms tend to operate without considering the opportunities of development and growth that local people and small firms represent, for themselves and for the community. REDCs must promote the idea of entrepreneurship, and explain to the community its inherent benefits and risks. Economic autonomy, rather than employment, must be actively promoted. Successes must be glorified and failures be explained.

- In order to further respond to this need for entrepreneurial culture, the REDCs should organize themselves into a strong provincial Council. This Council should first be composed of the presidents of each of the commissions. The mission of this Council would be to give clout to the commissions' across the province as being <u>legitimate</u> contributors to the development of regional entrepreneurship, strategic partneering and economic growth in the province. Once the Council is organized, a second major step could be to include major business people, presidents of universities and other well respected economic agents. This would legitimize entrepreneurship and strategic partneering across the province. The changes in perception would take two to five years.

  For this to happen, the Council should pursue the following specific objectives:

  a) Promote the cause of entrepreneurship and strategic partnering to the people of New Brunswick. Organize visits of prestigious Council members to the various commissions.

b) Promote the cause of entrepreneurship and strategic partnering to the government. Get involved in recommending to the legislators the actions that are needed to further develop small businesses in New Brunswick.

This Council could also play other important roles:

a) As we have observed that each REDC presently is not well informed of activities, successes and failures in other REDCs, the Council could play an important role of disseminating information between REDCs.

b) The Council could undertake cross-REDCs activities such as:

- put pressure onto large firms that would refuse to play their stimulator role in the regions;

- organize out-of-the-province business and industrial missions for entrepreneurs in search of business opportunities and strategic partners. The Council should not fund these missions;

- create a provincial bank of active or retired business and professional people available to provide advice to entrepreneurs of all regions. The concept of "parrainage" could be included;

- be instrumental in the creation of a provincial business develop fund. We would not recommend that the Council take part in this fund.

- The Department of Commerce and Technology should provide start-up funding for this Council.

10) <u>People and Leadership</u>

- In order for the conceptual model for entrepreneurship and strategic partnering to be successful, improved leadership is required in the REDCs. By this, we mean that commissions' boards should include more pro-active and regionally successful business people, who can through their participation lead entrepreneurs and would-be entrepreneurs through role-modeling and advice. Further, they may use their businesses as stimulator firms or strategic partners. We believe that this change in the composition of REDC boards will be made possible by the creation of the Council and the higher visibility it will provide REDCs and their presidents, thus enabling REDCs to attract more business leaders than under the present circumstances.

IV. THE FUNCTIONING OF THE COMMISSIONS

IV. THE FUNCTIONING OF THE COMMISSIONS

1. The Commissioners

A. An evaluation of the Commissioners

The majority of the people interviewed in each of the regions were of the opinion that their commissioner is doing a good job with the resources that are available to him. This general satisfaction must be qualified by the following observations:

- The mayors interviewed were generally more critical of the commissioners than board members and business people. Personality conflicts is one of the causes in explaining this situation. A second cause is frustration caused by some past decisions of the commissioners. In their work, commissioners often appear to privilege one community over another, depending on client needs. This one community tends to be perceived by the other participating municipalities as having been favored, rather than chosen as a result of hard economic reality.

- In a third of the commissions, some business people stated that the commissioners should be more active. They need to instigate more, to allocate more time to development and to be more visible.

B. Necessary Resources

Almost unanimously, commissioners, board members and mayors, concur that the performance of the commissioners could be improved by additional resources, both human and financial.

These comments are not surprising as they reflect reality: with more resources, commissioners could do more. However, the most important question is: "with the present resources, can commissioners do a good job?". The response is generally "yes". While additional resources would be appreciated, there is general satisfaction and acceptance by the commissions themselves of the level of resources available to the commissions. Therefore, it becomes more of a question to properly set and execute priorities. We concur with this position.

When asked what additional tools would be needed for the commissions to perform better, the most frequent response is: marketing and public relations tools, more specifically, advertising facilities and budgets to promote the commissions. We believe that some promotion activities is required to make business people more aware of the commissions/services. But, most importantly direct contacts are to be established between commissions and business people. Written material is judged rather useless by business people.

C. <u>The Ideal Commissioner</u>

The following is a list of the qualities of the ideal commissioner as identified by the majority of interviewees (in decreasing order of importance):

- Leadership
- Public relations skills/communications
- Technical/business skills
- Commitment to job
- Acceptance from the community
- Aggressiveness

There were no notable differences between the responses obtained from the different groups of interviewees.

D. Remuneration

The commissioners are generally satisfied with their salaries. The board of directors of each commission determines the salary increases given to the personnel of the commission. The increases usually coincide with the annual budget and tend to reflect the general provincial salary adjustments at the time of the revision. Section 4, "Financial Matters" proposes an analysis of the remuneration of staff members in REDCs.

2. The Boards of Directors

Present Activities of Boards of Directors

Most board members interviewed across the province said that the major activities of their board of directors were to:

- Obtain information on the activities of the commissions.
- Establish policies.
- Set objectives (specific tasks to do and how to do them)
- Monitor results (actions taken).

Discussions with the commissioners reveal that the degree of implication of the board of directors in each of these tasks varies from region to region. In five regions, the commissioners indicated that actions such as establishing policies and setting objectives were part of their own mandate. In such cases, the role of the

board is to discuss and approve recommendations on policies and objectives as put forward by the commissioners.

In those regions, the commissioners are highly involved in responsibilities that should normally be within the role of the board of directors.

From an organizational point of view this situation has major flaws. A "functional" board of directors should be the supreme decisional body of an organization. In an REDC, it should set directives and objectives, ensure that directives are followed by the commissioner and his staff, and guide the direction of commission.

In the five cases that we have identified, there is an organizational distortion in the sense that the board of directors does not play its role as "director" of the commission. Either because of a lack of implication by the members of the board or because the commissioner himself has strong leadership abilities, the situation is reversed and the commissioner provides the direction for his commission.

The need for the commissioner to devote time to the roles typically played by the board of directors reduces the time available to him for the functions specifically within the commissioner's mandate. The role of the board then tends to become a figurehead function rather than that of an active participation.

The boards of directors meet, on average, once every two months (some regions meet once a month, others once per three months). All have an executive committee that holds additional meetings during the year. The scope of the work done by these executive committees

varies from one region to another but their tasks are generally related to monitoring the activities of the commission and/or selecting the rest of the board members.

Board members representing municipalities tend to view their role as insuring representation of their towns' interests. It seems that municipal representatives to the commissions do not always consider the board as a forum for discussion of ways to stimulate economic development in the whole region. This preoccupation with the presentation of the interests of each municipality, while legitimate, is not active, with respect to contributing to the development of entrepreneurship and small business development in the regions.

A. <u>What Other Roles Should be Played?</u>

Commissioners and mayors are almost unanimous in voicing the opinion that the members of the boards of directors should assume more visible role in the regional community. They indicate that the commissions need more representation in this region and that board members ought to become the ambassadors of their commission. Board members themselves, although in agreement with this idea, were more timid in their support for its implementation.

This lack of involvement on the part of the board members may be attributed to a number of factors:

- Board members are not always aware that representation of the commission and visibility in the community are some of their major duties.

- When recruited, board members are frequently under the impression that the workload is light (one meeting every two months to vote on propositions, etc.) and that no special efforts, besides presence and judgment, will be required of them.

- Business people on the boards are typically busy with their own affairs which leave little time for commission efforts:

- Municipal representatives on the boards tend to regard the position as an extension of their job, and therefore lack incentive for creative input.

Board members (including the executive committees) do not realize the leverage effect that visibility can bring the commissions in strengthening their position in their respective region. This task should figure high on the list of the duties of members of the boards. The presidents of the commissions should set an the example by making regular rounds to the municipalities in the regions and explaining the roles of the commissions to potential, as well as present, clients (business people).

B. Duration of Mandate

Commissioners, board members, mayors and business people generally agree that the mandate of a member of the board should be of a three year duration. A one or two year mandate is not sufficient they say, as it would not permit the new member to assimilate the workings of the commission and to acquire the necessary knowledge needed to perform well in identifying the directives that the commission should take, etc.

On the other hand, a four to five year mandate could result in board members becoming complacent. Such a mandate duration would be a "dead wood generator", to put it in the words of one businessman.

We concur with the survey findings that the duration of the mandate for members of the boards should be three years. Shorter mandates would lead to inefficiencies as members become familiar with the various aspects of the commission only when their term expire. A longer mandate would have the effect of limiting the oxygenation of the board. New members are needed to bring innovative views on regional economic development.

On the other hand a board member who is well qualified and active in the community should be permitted to extend his term. Under these conditions, a mandate of three years should be renewable for three more years, no longer.

C. Number of Members and Representation

The average number of members on the boards of New Brunswick REDCs is presently 16. The smallest board is found in the Dieppe commission (9) and the largest in the Capital commission (21).

None of the commissions perceive a need for additional board members. On the other hand, almost one third indicated that it is difficult to work with boards larger than 14 to 15 members. Concerning the question of representation on the boards, people either had no comments to make, or said that the ideal situation would be to increase the proportion of business people on the boards. Business people that are not involved in municipal affairs,

would enable boards and commissions to address "real problems" and diminish political wrangling.

Our position is that the executive committee partially responds to the problems encountered when working in large numbers around a single table. On the other hand, large boards, it is true, are hardly functional. Discussions are long and difficult to monitor and a lot of time is wasted.

We would suggest that the number of board members in REDCs be limited to 14 maximum and 12 most often, including an executive committee of four to five members. At least half of the board should consist of business people. In addition, the commissions should create consultative committees of business people within the regions. These committees could:

- Address special problems or events in the commissions.

- Increase the involvement of business people in the workings of the commission without losing the representation of the municipalities on the boards; and without disrupting the effectiveness of the meetings of the boards.

These consultative committees of business persons would report of their activities and make recommendations to the board of the commission.

3. Measures of Performance

We have asked commissioners, board members and mayors to tell us what type of evaluation is done of the commission, of the board of directors and of the commissioner himself.

A. The Commission

The two major quantitative criteria that are presently used to evaluate the commissions are:

- The number of firms created.
- the number of jobs created.

Although a number of participants in each of the commissions mentioned these two criteria, not all annual reports present such statistics.

One major qualitative criterion that was cited is: "Does the commission respond to the needs of entrepreneurs?" For instance, if entrepreneurs want industrial visits to be organized, does the Commission do it? Although frequently mentioned, the respondents were unable to indicate how this criterion was or could be measured. Other criteria that were suggested include:

- The number of SIFAP applications the commission sends to the government;

- The funds that come from SIFAP, and that are injected in the region;

- The rate of participation of the members of the board of directors;

- The extent to which the commission's official strategy is followed.

B. The Commissioner and Staff

In all the regions, the commissioner's work performance is reviewed annually by the executive committee and by the board of directors. It is difficult, however, to determine what specific criteria are being used. The evaluation seems to be of an overall nature; a general assessment of the commissioner's work instead of a thorough examination of the positive sides of his performance as well as the aspects of his work that need improvement. Other members of the staff are not formally evaluated by the board. The Commissioners informally monitor the assistant or the secretary's work and seek adjustments often needed.

C. The Board of Directors

Some respondents stated that the president of the commission evaluates the members of the board. However, none of the commissions conduct a formal evaluation of the board of directors as a whole, or of the individual members.

D. Overview

Overall, the commissions seem quite responsible. They tend to base the evaluation of their work on quantitative criteria such as jobs and firms created although it is not done in a systematic manner

throughout the province. The commissions also lack a practical method of evaluating the more qualitative aspects of a commission's work. A general assessment of the commissioner's work is made every year while boards of directors and their members are not formally evaluated.

4. Financial Matters

A. Reactions to the Recent Changes in the Funding Formula

Few interviewees commented on the most recent changes in the funding formula. The people interviewed are either unaware of the specifics of the changes, or else, were of the opinion that the changes did not affect them.

More comments were made by the participants in the commissions, commissioners and board members particularly, regarding the subject of mandatory financial participation by all the communities in the regions. Such a situation would alleviate the need for the commissioners to try to convince mayors to participate in the commissions.

We feel that the participation in the commissions must remain on a voluntary basis. Forcing communities to participate could produce an antagonistic environment rather than a cooperative and active atmosphere.

B. Operating Budgets

Most board members and mayors are "satisfied" with the manner in which the commissioners administer their budgets. They indicate

TABLE 13

REDC BUDGETS, 1987-1988

I

	1	2	3	4	5	6	7	8	9	10	11	12	Average
Fixed Expenses													
-Salaries and benefits	57	55		59	52	53	68	61	69	48	59	57	58
-Others (Rent, electricity, insurance, cleaning, office equipment, bank fees, variable expenses	14	15		13	18	15	16	13	14	23	17	14	16
Basic Expenses	20	16		20	22	14	13	24	13	17	20	24	18
-Car -Car operation -In region travel -In province -Telephone, telex -Stationnary and supplies -Postage and courrier services													
Discretionary Items													
-Entertainment	6	13		1	7	17	2	1	3	4	-	2	5
-Promotion and advertising													
-Special projects and others	3	1		7	1	1	1	1	1	8	4	3	3
TOTAL	100	100		100	100	100	100	100	100	100	100	100	100

that commissioners are adept at "making do with what they have." As was mentioned in the section, "The Commissioners: b) The Necessary Resources", participants in the commissions feel that more could be accomplished with additional funding, but they are able to meet the requirements of their mandates with their present budgets. Most participants in the commissions indicate that while additional operating monies would be welcome, for the time being, they appreciate the fact that government funding increases in line with inflation.

Average Allocation of financial Resources

Table 13, opposite, shows the average allocation of the 1987-88 operating budgets for 11 REDCs (complete data was not available for the 12 th. REDC) by four major categories:

- Fixed expenses;
  - salaries and benefits
  - others
- Basic expenses;
- Discretionary items.

The allocation reflects a typical "services" operation where the salaries and benefits represent the majority of the operating expenses.

We do not wish to propose a standardized budget for REDCs because it is up to each board of directors to allocate the available resources in a manner that reflects the local administrative situation and specific development needs and objectives.

TABLE 14

REDC STAFF: BASIC ANNUAL WAGES

	Commissioner	Assistant	Secretary
Highest	48,000	31,200	21,743
Medium	41,162	28,285	18,560
Lowest	29,500	19,880	15,900
Range	18,500	11,320	5,843

On the other hand, we think that the average allocation of REDC budgets should be used as a model by the persons responsible for the budgets. A high level of flexibility is needed by the board of directors in its allocation of resources but when determining their budgets, the commissions should compare their own resource allocation with the average in the province. By doing so, abnormalities and illogicalities can be identified. An example could be: the allocation of 70% of the budget for salaries and benefits (compared with the average of 58%) is not correct when the board of directors feel that the staff does not do an adequate job. Or, are the variations in entertainment expenses (from 1% to 17%) justified?

Staff Salaries

Table 14 on the opposite page presents data on the wages paid to commissioners, assistants to the commissioners and secretaries in REDCs.

The data seems to show important discrepancies between some regions, for example:

- A spread of $18,500 between the highest and lowest paid commissioners.
- A spread of $11,320 between the highest and the lowest paid assistants to the commissioner.
- The wage of the lowest paid commissioner is less than the wage of the highest paid assistant to the commissioner.

TABLE 15

SALARIES OF ASSISTANTS AND SECRETARIES AS A PERCENTAGE OF THE LOCAL COMMISSIONS SALARY

Region	1	2	3	4	5	6	7	8	9	10	11	12	Average
Assistent's salary divided by commissioner's salary	-	69%	-	62%	67%	62%	58%	49%	71%	70%	-	66%	64%
Secretary's salary divided by commissioner's salary	51%	47%	45%	54%	38%	45%	35%	46%	44%	42%	56%	39%	44%
Difference	-	22	-	8	29	17	23	3	27	28	-	27	20%

- The wage of the lowest paid assistant is less than the highest paid secretary.

When putting these figures into perspective with certain realities that are proper to REDCs, those "discrepancies" seem rather normal. For instance, the differences between the wages from region to region can be explained by two major factors:

1. The level of responsibilities

   - the size of budget to administer;
   - the size of the region to cover;
   - the volume of present and potential clients (business).

2. The local market for professionals of the same type.

We feel that it would not be appropriate to standardize the salaries of REDC staff members across New Brunswick because they are not government employees and they are hired by local boards of administrators which face local realities.

On the other hand, we have found abnormalities when comparing the salaries of the staff members within each commission. Table 15, opposite, presents the wages of assistants and secretaries as a percentage of the local commissioner's salary. The data shows that as an average, the assistants to the commissioners are paid 64% of the commissioner's wage and that the secretaries are paid an average of 44% of the commissioner's wage.

Some REDCs show too little differences between the wages of the assistant and the secretary's. In the regions numbered 4 and 8, the

difference is so low that one wonders if the secretary is a second assistant (region 4) or if the assistant is not another secretary (region 8).

The experience and education of the candidates or employees should weigh in the board of director's decisions on the wages to be paid to staff members. But the relative responsibility of commissioners, assistant commissioners and secretaries should always be taken into account and as a rule of thumb, the salaries should be established as follows:

- Commissioner: between $30,000 and $50,000 depending on the scope of the local responsibilities.

- Assistant to the commissioner: around 65% of the commissioner's wage.

- Secretary: around 45% of the commissioner's wage.

Staff members with more or less experience and qualifications than average should be paid more or less than these percentages as the situation commands.

5. Conclusions and recommendations

Conclusions

1. The Commissioners

- Commissioners are efficient operators especially when taking into account the limited resources with which they operate.

2. **The Board of Directors**

- Some boards of directors are led by their commissioner, rather than by the President.

- The commissions lack a certain level of exposure in the communities because board members tend to do the "internal" part of their tasks not the "external" ones, such as representation in the community.

- The high number of members on boards of directors often create difficulties in board meetings.

- Participants feel that there should be a higher percentage of business people on board of directors than there is presently.

3. **Measures of Performance**

- REDCs seldom present official annual objectives to the agencies that are funding them.

- Not all REDCs monitor their short and medium-term results adequately

- There is no <u>standardization</u> in the monitoring of the results of REDCs.

4. **Financial Matters**

- **The last changes in the funding formula are well accepted by the participants in the Commissions.**

- **REDCs have the necessary flexibility in determining their expenses priorities, but have no guidelines to establish their resource allocations.**

Recommendations

In order to improve the operations of the Regional Economic Development Commissions, we propose the following recommendations:

The Commissioner

- The commissioner is an employee of the commission reporting to the board of directors and should work in accordance with the directives issued by the Board, not the contrary.

- The commissioner should follow the established strategic plan of the commission.

- The commissioner is an operator and should provide direct help to existing and would be entrepreneurs in his REDC region.

- Should a client file require the support of other economic agents either in the region or at the provincial or federal level, the commissioner should inform the board of directors; providing the file is not confidential. From thereon, the board of directors should assume the responsibility for lobbying to the appropriate

political intermediaries to guarantee the files's continued development.

- When hiring commissioners, board of directors should give particular attention to the following criteria, all of which are of equal importance:

  - leadership and communication skills;
  - experience in business and economic development;
  - committment to the cause of entrepreneurship;
  - acceptance from the community;
  - active approach to the job.

- The commissioners presently employed should adopt a more active attitude towards their responsibilities. Aside from generating more economic activity, an active approach will permit some commissioners to improve their image and develop a better notoriety amongst the economic agents in the regions.

The Role of the Board of Directors

- The board of directors should direct and control the activities of their commission. This role is not the responsibilities of the commissioner.

- The specific internal roles of a board of directors are to:

  - represent business persons, citizens and municipalities;
  - establish objectives and directions for the commission;
  - be responsible for the functioning of the commission;

- give its approbation to the activities of the commission;
- evaluate the results of the commission.

- The external role of the board of directors is to play an active part as representatives of the commission to the business community, the municipalities, the government and the general public.

- Board members should devote considerable time (at least 30%) in their mandate to representing the Commission, especially to business people and municipalities. This should be made clear to candidates as well as municipalities when recruiting members.

- When needed, board members should also act as "lobbyists" in order to help attain certain economic development goals in the region.

The President of the Commission

The president of the commission should be the leader, the front runner of the commission, in the region and in the province.

The three major roles of the president of the commission should be:

1. To spearhead the organizational structure of the commission;

2. To increase the exposure of the commission in the region by participating in local business events and developing media relations. In this respect, the president set the example for the rest of the board members to follow;

3. To create and become an active member of a provincial organization (the Council) composed of the presidents of the REDCs in New Brunswick. This organization's mission should be to give provincial exposure to REDCs as dynamic forces for regional development in New Brunswick. The exposure provided by this pro-entrepreneurship provincial organization will help develop New Brunswick's entrepreneurial culture. It will also legitimize REDCs in the eyes of major corporations, which to date have had little involvement in helping to foster the development of small business and permit easier and better recruitment of board members and presidents. The medium-term effect will be that local business people that did not participate in the commissions will now be more interested due to the wider scope of the organization. Another of the consequences will be greater linkages between the regions. This organization will prove to have positive medium and long-terms effects on entrepreneurship in New Brunswick.

<u>The Structure of the Board of Directors</u>

- At least fifty percent (50%) of the members of the board of directors should be business people that are not appointed by a municipal body.

- Municipal representatives to the board of directors should have some background in business.

- Over time, these two recommendations will have the effect of gearing the interest of the Commissions more specificaly on the needs and wants of entrepreneurs.

- In order to be efficient, the board of directors should limit its membership to a maximum of 14 people, most often 12.

- In order to reduce the total number of members of the board, there should be a limit of one representative per participating municipality. That one member should be attributed a number of votes that is equivalent to the number of seats previously held on the board by the respective municipality.

- The length of mandate of the board of directors should be three years, renewable only once under exceptional circumstances.

- In the second year of their mandates, board members should participate in at least one of the committees formed by the board of directors (ex.: Finance or Marketing Committee).

- Board members who do not wish to participate fully in the activities of the commission should be requested to resign their positions.

<u>Monitoring of the Commission Results</u>

- The executive committee of the board of directors should monitor the results of the commission more closely. More specifically:

  - the short-term and medium-term objectives for the commission and for the commissioner should be clearly defined, written and sent to the organizations that are funding the commission (Municipalities, Department of Commerce and Technology).

- The objectives of the commissions should be specified in terms of the following functional thrusts:

Development Objectives, ex.:

- the number of net[1] jobs to be created and number of net firms to be created (short-term : 1 year; medium-term: 3-5 years);
- a certain percentage of growth in the number of SIFAP applications to be sent to Fredericton.

Communications Objectives, ex.:

- level of awareness of the commission in the region;
- a better coverage of the REDC in the local media.

Promotional Objectives, ex.:

- identification of events to be organized and participated in (ex.: industrial visits, seminars, etc.);

Organizational Objectives, ex.:

- restructuring of the board of directors;
- creation of two business consultative committees;
- hiring additional part-time help, etc.

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[1] Net: gains minus losses.

Financial Objectives, ex.:

- presentation of the budget;
- cost control program.

- The short and medium-term results of the commission should be compared with the objectives and a detailed analysis should be presented in the commission's annual report so that the people funding the commission (as well as the business community) could evaluate the progress being made.

- The evaluation of the commissioners' performance should be closely linked to the commission's results. In addition, the commissioner should be evaluated on professional improvement objectives to be previously determined by the executive committee and the commissioner himself. Such objectives could include:

  - being more active (ex.: the number of visits made to business people;
  - keeping a better update on the technological developments pertinent to the region's core industries;
  - improving the working atmosphere in the commission's office.

- The objectives and performance of commissioner and of the commission (as they would be presented in annual reports) should be compared to those of other commissions and to the general economic situation of the province.

- We do not feel that the members of the board of directors should be asked to establish their own objectives that would be compared with their personal results. But it is the responsibility of the

president of the commission to see that members actively participate in the work of the commission, as well as in the task of regional representation of the commission.

- If a member is considered for a second-term, his external as well as internal performance should be reviewed to decide upon his reappointment. Only few members should be reappointed, as a matter of principle.

Consultative Committees

- Other economic agents (business people, etc.) interested in participating in the commission's activities should become "Members of the REDC" in exchange for an annual fee.

- The "Members of the Commission" could volunteer to participate in special consultative committees led members of the board of directors.

- These committees could be created for a specific duration with a specific task to accomplish and would be dissolved when their report is presented to the board of directors.

- This flexible formula has the advantage of permitting larger numbers of people to be involved in the commissions' work, without limiting the effectiveness of the board of directors.

Financial Matters

- The formula presently used for the funding of REDCs should not be changed.

- Board of directors should compare their annual budgets with the average breakdown of the REDC budgets in the province in order to identify discrepancies and inconsistency between their local objectives and the expenses allocated to certain categories.

- The relative responsibilities of commissioners, assistant commissioners and secretaries should be taken into account when defining salaries in REDCs. As a guidelines, salaries could be established as follows:

  - Commissioners: between $30,000 and $50,000 depending on the scope of the responsibilities;

  - Assistants : around 65% of the commissioners' wage;

  - Secretaries : around 45% of the commissioners' wage.

V. TERRITORIAL BOUNDARIES

V. TERRITORIAL BOUNDARIES

1. Criteria for Establishing Boundaries/Diagnostic Review

The mandate and responsibilities for Regional Economic Development Commissions set out in this report imply a number of criteria for setting the boundaries of these commissions. In particular:

- all communities in the province must have the opportunity to participate actively in an REDC, and all existing businesses and potential entrepreneurs should have access to REDC services;

- the territory served by each REDC must be large enough to support a staff which can provide the full range of services envisaged for commissions;

- the geographic area and population of the REDC territory cannot be so large that it is difficult for the commission to make its services known to existing businesses and potential entrepreneurs throughout the region;

- there must be sufficient coherence within the region for communities to see benefits in working together. This implies that the commission should cover a single labour market area and that the communities within it should be relatively similar in terms of their economic base and prospects; and

- the number of economic development bodies within a given area should be minimized and the role of each body clearly differentiated as to avoid fragmentation of resources,

duplication of effort and confusion on the part of business people.

Our review of the territorial boundaries of REDCs has also uncovered the following issues:

- small centres which are not part of a metropolitan area served by a REDC always feel that the REDC spends too many of its efforts in the metropolitan area and not enough on the small centres. This perception is reinforced by the fact that the REDC is always physically located in the metropolitan area. It should also be said that the financial contributions of the smaller centres are often limited if compared to that of the metropolitan area;

- on the other hand, major centres tend to feel that they can afford an economic development organization of their own, and that their direct needs are or would be more effectively met by a municipal economic development office rather than a REDC. In most cases, the REDC is not a viable organization without the participation of the major center. Also, the major center, because it provides specialized goods and services for the entire region, benefits more from economic development in the smaller centers than the smaller centers benefit from development in the major center;

- bedroom communities around a metropolitan area tend to be reluctant to participate in REDCs because they are primarily interested in residential and commercial development. On the other hand, small service and even manufacturing firms may well start operations in such communities, and should definitely

have access to REDC services. These communities also gain from the general economic development of the metropolitan area;

- the existing municipal economic development offices presently carry out functions, such as the sale of industrial land, the management of industrial parks, seek and find missions or downtown revitalization programs, which we consider not to be part of the role of REDCs.

Based on all of the above considerations, we make a series of observations and recommendations with respect to the boundaries of REDCs serving the province's three largest urban areas - Saint John, Moncton/Dieppe and Fredericton. While each situation is discussed further in this report, we hereby set out the principles that sustain our recommendations:

- the territory covered by each REDC should abide by the criteria spelled out earlier in this report;

- all communities in the territory, without exception, served by a REDC should be formally invited and actively encouraged to participate in the REDC;

- the REDC should make the necessary efforts to entice smaller centers and suburban communities to take part. This could imply some degree of specialized services and a stronger voice in decision making;

- the REDC should provide its services to all businesses of its territory, irrespective of communities taking part or not. The REDC may decide to reduce the level of promotion made or

specialized services offered in these communities that do not participate;

- REDCs should limit their role and functions to those presented earlier in this report, i.e. providing assistance to start-ups and expanding small and medium sized businesses and creating a climate conducive to entrepreneurship;

- if some municipalities within an REDC territory want such functions as the sale of industrial land, the management of industrial parks, seek-and-find missions or downtown revitalization programs to be carried out, these municipalities could decide to establish their own organization. Such organizations should not be funded by the New-Brunswick government under the umbrella of the REDC program. They should not duplicate the functions of the REDC, and contact and open lines of communications should be maintained between the REDC and any such municipal organizations in order to minimize duplication of effort and confusion of role and image in the local business community and outside.

2. <u>The Saint John/Fundy Situation</u>

There is dissatisfaction with the Saint John/Fundy REDC both in the City of Saint John and among the contributing municipalities of Charlotte County (St. Stephen, St. Andrews and St. George). The city of Saint John has recently created its own Economic Development Corporation and is reviewing whether it should continue to fund the Saint John/Fundy REDC. Both actions were motivated by the perception by city officials that the SJF REDC did not contribute to the economic development of the city in relation to its financial

contribution. Presently, the Saint John contribution ($72,000) represents about 25% of the budget of SJF REDC. The Charlotte County municipalities are also dissatisfied with the operations of the SJF REDC and wish to form their own organization which, they feel, would better respond to their specific needs. Dissatisfaction seems to originate from the following factors:

- The SJF REDC serves an area with about 138,000 inhabitants (18% of the province's population) spread over a distance of 190 kilometers from Sussex to St. Stephen. In contrast, most other REDCs that do not encounter difficulties serve much smaller populations (from 27,000 to 78,000) in more geographically concentrated areas;

- The economic base of the SJF REDC is very diverse. The Charlotte County is primarily based upon the fishing industry, tourism and some wood product manufacturing. The Saint John metropolitan area has large industrial complexes (shipyards, refinery, papermill, etc.), a large port and specialized services (financial, legal, etc.) which radiate far afield from the city itself. The Sussex area's economy is based on agricultural products (particularly dairy farming and processing) and mining;

- The number of businesses to serve in the SJF REDC region is much larger than in the other REDCs. For example, there are 274 manufacturing firms in SJF REDC, as opposed to less than 150 for the other REDCs that do not encounter difficulties.

We believe that the territory of the Saint John/Fundy REDC is too large and too diverse. We therefore recommend that:

- a new Charlotte county REDC be established covering all of the county, and, at its option, the village of McAdam which is now in the Capital region, the economic activities of which are more related to the Charlotte county;

- a metropolitan Saint John REDC be established. Its territory would include the city and county of Saint John and the western part of Kings County including Quispamsis;

- if the communities are interested, another new REDC be established for the eastern portion of Kings County around Sussex and for Queens county, which is now part of the Capital Region. Communities in Albert County and the western part of Westmorland County would also have the option of joining this new REDC.

These changes should be initiated and discussed under the leadership of the New Brunswick Department of Commerce and Technology with active participation of all communities concerned. Borderline communities should be given the option of joining the REDC to which they relate best. We understand that some additional funding will be required to ensure the existence of two new REDCs. We estimate the total additional funds required at $ 160,000 per annum, of which 85% would come from the province and the balance from municipalities. But we strongly believe that these actions are required to ensure that all entrepreneurs in this part of the province have access to the proper level of REDC services.

3. Moncton/Dieppe Region

An REDC was established relatively early under the title of the Centre of the Maritimes Industrial Commission, later known as the Greater Moncton Economic Development Authority (GMEDA). Until recently, GMEDA was not so much an operational REDC, however, as a conduit for funding the Moncton Industrial Development Commission (MID) and the Dieppe Industrial Park Corporation (DIP). MID is involved in economic development activities for the City of Moncton which include down-town revitalization programs and seek-and-find missions. DIP promotes and manages the Dieppe Industrial Park as well as an incubator mall.

We have a number of serious concerns about the existing structure as follows:

- restrictions included in the mandate of GMEDA, such as the prohibition on direct contact with existing businesses, make it impossible for GMEDA to carry out the responsibilities of an REDC;

- provincial funding within the REDC system to single-municipality economic development bodies, particularly in communities of the size of Dieppe, may tend to increase the centrifugal forces within other regional groupings;

- as stated earlier in this report, we have no inherent objection to the establishment of municipal bodies to carry out functions beyond the scope of the REDCs, such as managing and selling industrial land, seek-and-find missions or down-town revitalization programs, but we believe that the region is the

most efficient level for carrying out the function of the REDCs; and

- municipalities in Albert and western Westmorland Counties, other than Moncton and Dieppe, are not served effectively by any REDC. Riverview participates in GMEDA, but only to a limited extent. No active effort has been made to involve other municipalities of the region.

Keeping in line with the general principles we have enunciated before, as well as the recommendations we make about the metropolitan area of Saint John, our recommendation is to expand the functions of GMEDA to those of a full REDC[1], restrict the Moncton and Dieppe municipal bodies to non-REDC functions (such as sale of industrial land, management of industrial parks, seek-and-find missions or down-town revitalization programs) and eliminate the flow-through of funds to them, and to encourage GMEDA to involve other municipalities in the region. We believe that such a restructuring would better serve the entrepreneurial development needs of Moncton, Dieppe and the surrounding communities without any reduction in the level of service provided within specific municipalities.

On the other hand, we recognize that an immediate rationalization of economic development activities in the area may prove difficult. Until such a rationalization can be achieved, we recommend that the province ensure that there is no financial incentive for continued fragmentation by limiting the funding provided in total for GMEDA, MID and DIP to what would be provided for a single body serving only

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1 See sections II and III of this report

Moncton, Dieppe and Riverview on typical REDC functions and services. This will greatly reduce the amounts presently given under the REDC program. Further these amounts could decrease over time in line with an implementation schedule for the rationalization.

4. **Capital Region**

The communities presently served by the Capital Region Development Commission are spread over a large territory and count in total about 135,000 inhabitants. While we did not uncover major concerns over the operations of the Capital REDC, it is worth noting that the activities of the provincial government in the City of Fredericton, which represent a large part of its economic base, and are very different from the activities of the rest of the territory. We therefore have made some recommendations about including some parts of the Capital Region to the new Charlotte County and Sussex REDCs. Further, the option should be given to Nackawic to join the Carleton REDC.

VI. THE RELATIONSHIPS BETWEEN PUBLIC BODIES AND THE COMMISSIONS

VI. THE RELATIONSHIPS BETWEEN PUBLIC BODIES AND THE COMMISSIONS

Our interviews with municipal, provincial and federal civil servants indicate that the relationships between REDCs and other groups are satisfactory but not excellent, and must be improved.

1. Municipalities

The main flaw in the relationships between the REDCs and municipalities is that representatives of municipalities on boards of commissions do not systematically report to the municipal council.

We have found no official policy indicating that the commissions' work must be reported to the municipalities. The mayors do, however, agree that a policy which would require municipal representatives on the board to periodically report on work and discussions taking place in the commissions would be a sound idea.

We recommend that such a policy be established, whereby board members representing municipalities would report to their respective municipal councils, on a regular basis and at least every six months. The immediate result of such a policy will be that more community leaders will be kept informed of the REDCs' activities and status. The community as a whole will automatically be more involved which, in turn, will benefit the commissions. Moreover, the municipalities themselves will benefit from a better understanding of the commissions' operations and will therefore be in a better position to take advantage of their representation on the commissions.

We have also noticed that participating municipalities are often competing against one another for benefits that could result from the REDCs' operations.

This situation sometimes dampens the commission's decision-making process. The boards of directors often engage in lengthy discussions about who should benefit from what; these discussions often become very political. Although this is not an ideal situation, and although REDC decisions should benefit entrepreneurs (whatever the municipality) first and foremost, we think that these discussions are legitimate.

Municipalities should give a clear mandate and some objectives to their representative on the boards of commissions. In the present situation, municipal representatives for the most part act on their own instinct and judgement. We believe a structured relationship between municipalities and their representatives on the commissions' boards would markedly improve the situation. We also suggest that commissions organize annual presentations of their activities to councils of participating municipalities. Consideration should also be given to presentations to non-participating municipalities, in order to generate interest in their participation.

2. <u>The Provincial Government</u>

The relations between REDCs and the economy-related departments of New Brunswick seem to be satisfactory. We have discovered very fruitful relationships between some senior civil servants and commissioners in New Brunswick.

Communications

The most important obstacle although not major is a certain lack of communications between departments of the New Brunswick government and REDCs, in certain specific instances.

The commissioners seem to get frustrated when senior civil servants of economy-oriented departments (especially C&T) deal directly with business people in their regions without informing them. They feel as a consequence they are being excluded from regional economic planning processes (by civil servants). When discussing this problem, senior civil servants maintain that some companies prefer to deal directly with the department (Commerce and Technology for instance) and they (the civil servants) must respect this preference.

We think that New Brunswick entrepreneurs should have the freedom to deal directly with whomever they prefer. However, when the client dealing directly with an economy oriented department does not specifically request confidentiality, the civil servant should inform the commissioner of what is being done with entrepreneurs from his region. That the commissioner be informed of what the government is doing in his region is a question of respect towards him. Civil servants should also remember that an informed commissioner is a credible commissioner in the eyes of the people he is supposed to serve.

In the same vein, most commissioners do have informal exchanges with other economy related departments such as Natural Resources, Agriculture, Tourism and Labour. Still, no department other than Commerce and Technology, has structural relationships with the

commissions. Until now, various departments have distributed information brochures to the commissions outlining the programs they offer to business people, but the commissioners were never asked to manage these programs. An exception is the Labour Department's "Student Capital Venture Program." In this case, the commissioners were asked to make an initial screening of the application forms that are completed by the students and handed back to the commissioners. This task is done on a voluntary basis; there is no official agreement between Labour and C&T or the commissions on this matter.

We feel on one hand that economy-related departments should in effect distribute brochures, and ask commissioners and their staffs to pass them on. On the other hand, we do not think that the commissioners should manage programs, as these tasks may distract them from their entrepreneurship promotion efforts. Their roles with regards to government programs should only be to inform and to communicate. Information to commissioners about government programs should also be improved by seminars as well as brochures. While commissioners do not need to be fully conversant with all aspects of government programs, they must know of the ones that apply specifically to businesses of their region's economic structure corresponding to their strategic plans, and know enough to be able to quickly advise businesses of the possibility of success of their application.

Liaison Officers

The Department of Commerce and Technology has eight persons working as liaison officers with the various regions of New Brunswick.

It is our understanding that these people divide their time between the tasks related to liaison-visiting REDCs, taking part in board meetings, informing the commissions and the Department of Commerce and Technology (25%) and the task of promoting Small Business Programs that the Department of Commerce and Technology proposes (75%).

The commissioners and Board members interviewed had few comments regarding liaison officers and their roles. Those comments voiced related to the issue of contact between the commissions and Commerce and Technology.

Responses tended to be contradictory, taking either of the following two perspectives:

1. The efficiency of the liaison officers in maintaining contact between the commissions and Commerce and Technology;

2. The preference of some respondents to deal directly with Commerce and Technology when in need of assistance.

During the inverview process, it became apparent that the role of the officers is somewhat unclear. When the commissions were first established, the liaison officers played a critical role in the development and orientation of their activities. Naturally, as the

commissions matured and that they became more and more independent, the reliance on the liaison officers diminished.

The Department of Commerce and Technology needs to reclarify the present role of the liaison officers. This clarification of role, to the real tangible present needs of the commissions' boards and of the Department of Commerce and Technology, should improve the involvement of the liaison officers to the regional economic development process.

3. The Federal Government (DRIE)

The Department of Regional Industrial Expansion (DRIE) is the arm of the federal government responsible for regional economic development activities.

The department seems to have adequate communication channels with the commissions. DRIE considers REDCs as a source for initial contacts with prospective clients, as well as organizations useful to promote federal programs such as the Industrial and Regional Development Program (IRDP). DRIE Senior Civil Servants say that the commissioners tend to give preference to SIFAP but they consider this normal, given their closer relationship with provincial level.

4. ACOA

This year, the Canadian government has created Atlantic Canada Opportunities Agency to "respond to a need in regional economic development" in the Atlantic provinces. At the present time, DRIE programs are being transferred to the Agency which will become responsible for the Canadian government's Atlantic economic

development operations. Eventually the ACOA plans to develop additional programmes that will be specific to the needs of the Atlantic provinces.

An interview with an ACOA official leads us to believe that of one of the Agency's major objectives is to work in close collaboration with Regional Economic Development Commissions in New Brunswick. The ACOA official feels that REDCs are essential to the development of small business in New Brunswick and that they play a role that could hardly be substituted by alternative regional economic development structures.

5. Overlapping Organizations

Although most economy-related departments have regional offices in different parts of New Brunswick, none of these cause overlapping problems to the commissions. The reason is that departments such as Tourism, Agriculture, and Fisheries are related to sectors of the economy that have never been to date the major focus of the REDC activities. In fact, rather than overlap, REDCs and the regional offices of the New Brunswick government complement each other.

We did, however, identify one major potential problem for the commission's operations: Community Futures Programmes. This program administered by the Canada Employment and Immigration Commission (CEIC) is one of six individual options of the Canadian Jobs Strategy. The program is available to regions of New Brunswick which are underprivileged and has a special feature of providing direct funding to such regions. The CEIC sells its Community Futures Program as being "people oriented" because it addresses people first, not businesses. The CFP has been created to help

socio-economic groups including youngsters, women, and visible minorities. The CFP provides assistance "to help workers in communities facing severe economic conditions ... it assists communities suffering from mass layoffs, plant closures, chronic or structural unemployment or economic decline."

Regional CFP Committees are set up for a five year period and include 12 to 18 people from the following sectors: business, labour, minority organizations, government and local representatives. REDC commissioners are asked to participate as active members of the CFP regional committees. One of the options of the CFP is the Community Initiatives Fund option "for the support of particularly worthwhile initiatives that have been identified by a Community Futures Committee as integral to the implementation of its strategy for the community, but that is unable to attain funding from any other source". Another option is the establishment of Business Development Centres (BDC) who "support the community's plan for the creation of additional permanent private sector employment".

The REDC commissioners are wary of these Business Development Centers because they see them as "competitors" in their respective regions. The BDC option calls for the creation of regional organisms (roughly with the same boundaries as REDCs) that will be funded with a minimum of $100,000 per annum for the first three years. The BDCs provide advisory and investment services to small businesses to start up new businesses or expand existing ones.

In general, we do not feel that the CFP program objectives overlap those of the REDCs (except for the BDC option). CFP activities are "people oriented" in the sense that their official clients are employees, prospective employees or recently laid-off employees;

REDCs are "business oriented" in the sense that their major clients are entrepreneurs.

Nevertheless, we are uncomfortable with some of the means used to obtain the CFP objectives:

- The territorial boundaries for the CFP regions and REDCs are about the same.

- The organizational structure of Community Features Committees calls for the participation of 12 to 16 people in a given region (roughly the same number of persons that are on the boards of directors of REDCs).

- The yearly funding for the committee can reach $100,000, about two thirds of the average REDC budget.

These structural elements directly overlap those of Regional Economic Development Commissions. Also, the BDC option of the Community Futures Program provides advisory and investment services to small businesses which also overlap some of the REDCs objectives.

Looking at the tools that CFPs provide for "people development" in New Brunswick regions, we can in effect sympathise with the preoccupations of commissioners in economically unfavored regions of New Brunswick. The commissioners and members of the boards of directors are putting energy into trying to "provide a focal point for coordinating activities of local business people and others involved in economic development in the Commissions' territory". Then the CFP intervenes, offering a series of valuable options to

the communities, but options which in many ways seem to compete directly with the REDCs organizations.

This situation, aside from irritating commissioners and confusing the beneficiaries of REDCs (business people) about the programs and services available to them, contravene to the spirit of the New Brunswick Policy on Regional Economic Development Commissions which clearly states that "It is the policy of the Government that the economic growth in the various regions of the province shall be fostered by Regional Economic Development Commissions representing their respective regions...All Provincial Government Departments and Agencies involved in the economic development of the Province shall be cognizant of the services provided by the Commissions and where ever possible shall involve the local Regional Economic Development Commission in their activity as it pertains to the region". By not being "cognizant" of the mission of REDCs (and the importance that it be a strong vehicle for regional economic development in New Brunswick) the CEIC is establishing somewhat of a parallel regional economic development structure which in addition offers its member committees the possibility to fund private organizations, the target clientele of REDCs. The short and medium term effects of this situation is a dilution of the REDCs awareness, capacity to develop entrepreneurship and overall effectiveness.

In our opinion, this situation demonstrates the historic usefulness of joint programs between the governments of New Brunswick and of Canada: programs that are created and implemented according to a mutual adjustment do not create tensions and irritations in "the field".

Alnwick Parish

The Alnwick Parish is situated in the southern part of the Economic Expansion Commission of the Peninsula (EECP). Its territory runs from Rivière du Portage in the north-east of Northumberland County down to Bartibog Bridge.

Our concern with Alnwick Parish is the recent creation of the Alnwick Economic Development Committee (AEDC) whose office is situated in Neguac, the only incorporated municipality in the Parish. The AEDC was set up to help foster economic growth in a region where the unemployment rate is one of the highest in New Brunswick (approx. 40%). The AEDC is a Regional Development Corporation (RDC) pilot project and is financed by the RDC through the Economic Expansion Commission of the Peninsula.

The AEDC is in fact a mini-REDC within the EECP. Its only staff is a development officer which relates to a committee (board of directors) composed as follows:

CIC:	1 rep.
EECP:	1 rep.
Neguac:	1 rep.
Local services districts:	10 reps.
	13 representatives

Being based in Neguac, the AEDC is theoretically able to help develop the economy in a more direct and regular fashion than the EECP can do so from Tracadie.

Although we feel that the objective of helping a particularly needing region is very commendable, the Alnwick situation leads us to the following observations:

- The AEDC is a provincially created organism that in some ways contravenes a provincial policy:

  The 1981 New Brunswick government policy on REDCs clearly states that: "...the economic growth of the various regions of the province shall be fostered by regional economic development commissions representing their respective regions..." The AEDC is not a Regional Economic Development Commission although it was created to foster economic growth.

- The AEDC is a precedent which could eventually erode the overall effectiveness of REDCs in New Brunswick, mainly because of four reasons:

  - it does the same job as the REDC;

  - it competes for some of the same clients as the EECP does;

  - it drains resources such as valuable board members from the REDC;

  - it tends to create a parallel economic development structure which could eventually confuse business people and end up costing more than strong REDCs.

We therefore recommend that:

- Whenever regional economic development additional help is to be provided by various government departments to regions in special need, the departments in question should "...be cognizant of the services provided by the Commissions and where ever possible involve the local Regional Economic Development Commission in their economic activity as it pertains to the region." (1981 Policy on REDCs)

In the Alnwick Parish case, this recommendation would mean that before implementing the AEDC in the Peninsula region, the RDC should have:

- Thoroughly discussed the situation with high level responsible for the REDCs in the Commerce and Technology Department.

- Developed a formula for enhanced economic development which in no way erodes the responsibility of the EECP as the economic development vehicle in the Peninsula territory.

6. Conclusions and recommendations

Overall, the relationship between REDCs and other groups are satisfactory.

But some deficiencies are noted:

Municipalities

- Municipal reprensentatives or Board of Directors are not given clear mandates and objectives by their respective municipalities.

- Municipal representatives or Boards of Directors do not systematically report on work and discussions taking place in the Commission.

The Provincial Government

Although the relationships are generally excellent:

- We have discovered a certain lack of communication between Senior Civil Servants of economy-related Departments and the Commissioners.

- Commissioners become irritated when they are not informed by Government officials about discussions taking place between the government and entrepreneurs in their regions.

Liaison Officers

- The mandate of liaison officers is not clear in the minds of several economic agents in the Province.

ACOA

- ACOA will eventually replace the regional development activities of DRIE in the Atlantic Provinces.

- ACOA Senior officials say that the Agency will favour REDCs as a vehicule for regional economic development.

Overlapping organizations

- Regional branches of economy related Departments complement the activities of the REDCs and do not compete with them.

- The organizational structure of Community Futures Committees and the objectives of the BDC option clearly overlap the structure and objectives of REDCs.

- This situation irritates the commissioners, will eventually drain regional resources and will dilute the overall effectiveness of REDCs.

Alnwick Parish

- The RDC is funding the Alnwick Economic Development Committee (AEDC) in the Peninsula Commission. Its objectives, structure, and part of its clientele overlap those of the EECP.

- Although its objectives are commendable, the AEDC contravenes the 1981 Governement Policy on REDCs.

Recommendations

- Municipalities should give a clear mandate to their representatives on the boards of directors with respect to their objectives with the commissions.

- A policy should be established, whereby board members representing municipalities would report to their respective municipal councils on a monthly basis, at least every six months.

- REDCs should organize annual presentations of their activities to the councils of participating municipalities.

- Civil Servants of Economy Oriented Departments should inform local commissioners when they are dealing with business people in their regions. In certain sectors that are excluded from the commission's duties such as agriculture, for example, the government departments should not have to inform the commission.

- Government programmes relative to economic development should be explained to commissioners by way of special seminars.

- REDCs should not manage governmental programs (i.e. participate in the decision process).

- The Department of Commerce and Technology should reclarify the mandate and objectives of liaison officers more in line with present needs in REDCs.

- In order to make sure that the effectiveness of REDCs is not eroded by other government programmes that involve regional economic development in New Brunswick, the Department of Commerce and Technology should:

1- Take the appropriate measures to make sure that all high level personnel in other provincial and federal Departments or Agencies that are involved in economic development are aware of the REDC Policy.

2- Implement a policy that invites all provincial and federal Departments or Agencies that are involved in economic development to contact the senior civil servant responsible for REDCs to discuss new or present programs that could have a direct impact on the effectiveness of REDCs. Such programs have one or both of the following characteristics:

- they offer direct help to entrepreneurs and would-be entrepreneurs.

- they create an economic development body that is located in one of the REDC regions.

The objectives of those discussions would be to develop specific formulas that would help these programs not to be in competition with REDCs. A special effort should be made to analyze how these programs could be integrated (with additional resources and funds) to New Brunswick government's prime regional economic development tool: REDCs.

APPENDIX I

EVOLUTION OF THE REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS

EVOLUTION OF THE REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS

Development commissions were first established in New Brunswick in 1971 as a cooperative effort on the part of the participating municipalities which had come to recognize the regional scope of their economic problems. These organizations were to provide the avenue through which a region could effectively plan for the encouragement and accommodation of the economic development of a community. They depended to a large extent on the ingenuity and ability of its local leadership.

The evolution of economic organizations in New Brunswick has generally followed the developments which have taken place across North America and more particularly in Canada. For instance, during the sixties, New Brunswick economic development corporations were modeled on the "growth center" concept which also underpinned the federal economic development policies pursued during that period. The New Brunswick Multiplex Corporation is a case in point.

Quite naturally, New Brunswick policy evolved along Canadian developments and the attention was focused at reducing regional economic disparity within the Province. Strong emphasis was placed on stressing local initiative. Regional Economic Development Commissions were established in order to provide a vehicle for harnessing these local efforts.

A number of programs, Area Development Program, Atlantic Development Board, Agriculture and Rural Development Act were designed to assist in the development of Atlantic Canada in the early sixties. In 1966, the Fund for Rural Economic Development (FRED) Act was instituted to provide federal assistance for the implementation of comprehensive rural development programs for designated areas. The northeast area of New Brunswick became such a designated area. The Governments of Canada and New Brunswick agreed on a $95.5 million comprehensive 5 years comprehensive 5 years development plan for the area. The objectives of this agreement were to promote the area's social and economic development, to increase income and employment opportunities for its residents and to raise its living standards.

During that same period a number of communities of the northeast New Brunswick rural area, specifically Atholville, Campbellton, Dalhousie, Charlo and Eel River, recognizing the regional scope of their problems and the need to address them in a cooperative manner, joined together in 1969 to form the "North Shore Industrial Development Region" (incorporated in July, 1971, as the North Shore Industrial Commission and subsequently in March, 1974, as the Restigouche Development Corporation). This first experience arose considerable interest both at the local and provincial levels.

The North Shore Industrial Development Region became the pilot which allowed the provincial government to test the merits of this approach of encouraging locally based participation in regional development. The pilot project proved the concept effective.

In 1970, the Department of Economic Growth, later to become the Department of Commerce and Development, submitted a program for community participation in industrial development. The program was designed to encourage local communities to cooperate with neighboring communities in assessing the competitive advantage of their region in order to attract viable industries to the area.

The Northeast Agreement came under review during this same period and it was deemed important that any revised agreement should assist in the establishment and operation of local organizations. The findings from the provincial pilot project were again timely. The revised Northeast Agreement (Northeast RDA, 1972) thus incorporated the concept of local regional development corporation.

Soon local development groups were incorporating in all regions of the northeast. October 1972 saw the incorporation of the "Economic Expansion Commission of the Peninsula", and, in September 1973, the "Bathurst-Jacquet River Regional Industrial Commission" (renamed in 1974, as the "Chaleur Regional Industrial Commission") became the third such

incorporated body in this rural area. In March 1974, the Kent Industrial Commission was formed in Kent County.

In April, 1974, Canada and New Brunswick signed the ten year General Development Agreement (GDA). One of the main objectives of this umbrella agreement was to reduce the gap in per capita earned income between New Brunswick and the national average.

In February 1975, Canada and the province signed the "Industrial Development Subsidiary Agreement", expiring March 31, 1979. This was one of a number of sub-agreements providing for the implementation of specific plans of action for the development of New Brunswick and had as its objective the expansion, diversification and strengthening of the manufacturing and processing industries of the province. Funds were allocated in the agreement for the establishment and operation of economic development corporations in all regions of the Province.

Under this GDA agreement, six new economic development corporations would soon be established in New Brunswick: the Northwest Industrial Commission (May 1975); the Grand Falls Region Development Commission (August 1975); the Miramichi Region Development Corporation (December 1975); the Capital Region Development Commission (December 1975); the Central Maritime Industrial Commission (January 1976)*; and the Saint John Fund Region Development Commission (February 1976).

By 1980, most regions of New Brunswick were being well served by local economic development corporations. That same year, the southeastern tip of the Central Maritime Industrial Commission, believing that their regional needs and concerns were being eclipsed by those of the Moncton-Dieppe-Riverview urban core seceded to form the Southeast Economic Commission Inc. (1980). Finally, in 1982, the last unserved region of

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* The Central Maritime Industrial Commission was set up as an umbrella organization over two local existing organizations, Moncton Industrial Commission (1959) and newly created Dieppe Industrial Commission (1973) and also covered the South East Region.

New Brunswick saw the birth of the Carleton Regional Development Commission thus achieving full coverage (Figure 1).

By the turn of the 1980's, local economic development corporations had become established in New Brunswick as the instruments for fostering economic growth throughout the various regions of the Province. From organizations conceived of local initiatives, they had matured to assume leadership responsibilities of the economic development in their regions. However, while their local structures and stated objectives were similar, activities did vary among development commissions. Depending on the nature of the region, the state of the regional economy, the level of industrialization and the philosophy of the board of directors, different initiatives were pursued and the approach was one of trial and error. It was against the background, in 1978, that a major evaluation of the role and functions of the existing Regional Economic Development Commissions was undertaken.

The study concluded that New Brunswick has "endowed itself with a very effective instrument for fostering economic growth in its regions".

In 1981, the Honourable Gerald Merrithew, then Minister of Commerce and Development, obtained Cabinet approval for a policy statement on the role and function of the Regional Economic Development Commissions. (see policy, pages 9 - 12).

The policy prescribed that the Commissions would be "independent corporations formed by resolution of the participating municipalities and controlled by a board of directors appointed by the municipalities". A strong commitment to integrated planning was made by confirming that "all provincial government departments and agencies shall involve the local regional economic development commissions in their economic activity as it pertains to the region" (Policy 1981). The policy also made the Commissions responsible for ensuring that the lack of economic infrastructure was not a limiting factor for development. The administration of all publicly owned industrial parks became the

responsibility of each commission. The policy further instructed each Commission to establish operational and functional objectives to be reviewed on an annual basis. This last criteria would give birth to a generation of economic development strategies. (see Regional Strategies, page 13).

APPENDIX II

TERMS OF REFERENCE

TERMS OF REFERENCE

NEW BRUNSWICK REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS: AN EVALUATION AND RECOMMENDATIONS FOR FUTURE REGIONAL DEVELOPMENT EFFORTS

MARCH 1987

PURPOSE

To enhance and strengthen the Regional Economic Development Commissions' role in regional development activities.

STUDY AREA

The area studied will be the Province of New Brunswick and its regional sub divisions, as shown on the attached map.

BACKGROUND STATEMENT

Born of local initiatives, Regional Economic Development Commissions in New Brunswick are independent corporations, which have become the Province's main regional basis for economic planning and development. The formative years of these commissions were from 1966 to 1980.

By the turn of the 1980's, Regional Economic Development Commissions had become firmly established in New Brunswick as the instrument for fostering economic growth throughout the various regions of the Province. From organizations conceived of local initiatives, they had matured to assume leadership responsibilities for the economic development of their regions. However, while their regional structure and stated objectives were similar, activities did vary among commissions. All were dependent on the region's nature, the state of the regional economy, the level of industrialization, and the philosophy of the board of directors. Different initiatives were pursued, and the approach was one of trial and error. It was against this background, in 1978, that a major evaluation of the role and functions of the existing regional economic development commissions was undertaken.

Secor Inc., Montreal, who was commissioned to perform the evaluation, concluded that New Brunswick had "endowed itself with a very effective instrument for fostering economic growth in its regions," and recommended that government adopt a firm policy on these regional economic

development commissions, formalizing their relationship with the various government departments and agencies.

In 1981, the Government of New Brunswick did formalize its relationship with these commission by adoption a policy on Regional Economic Development Commissions (Attached).

The current financing structure consists of:

1. A fixed amount of $50,000, $55,000, or $60,000, dependent on the incorporated population of a region (Province).

2. A proportionate amount to cover the remainder of each commission's budget (75% - Province; 25% - local incorporated and participating municipalities).

3. To a maximum funding of: $120,000, 2 person commission; $150,000, 3 person commission; $180,000, 3 larger centers, Saint John, Moncton, Fredericton.

4. Annual indexation of the Department's contribution.

The Canada/New Brunswick Subsidiary Agreement on Industrial Development shares part of the Province's contribution.

Year 1, 100%; year 2, 70%; year 3, 40%; year 4, 10%; year 5, 0%.

Year 1 of this Agreement refers to fiscal 85-86.

All commissions developed five year regional economic development plans, and some have re-evaluated these strategies to meet future objectives of their regions, and adapt themselves to the changing economic times.

At this time, it would be beneficial to re-examine what has been done to date and its effects. This will help determine the best way for the Province to meet future regional development needs.

During the last few years, some common issues of concern have surfaced in the commissions' operations:

- appropriateness of territorial boundaries;
- the perceived neglect of areas surrounding the larger centers;
- dissatisfaction on the part of some municipalities with the results obtained by regional commissions;
- lack of communication between municipalities and commissions;
- threats by municipalities to opt out financially;
- interest by some municipalities in setting up their own municipal development offices;
- ownership, taxes and promotion of industrial parks; and
- the role and mandate as presently defined in the current policy.

GOAL

To assess the effectiveness of the Regional Economic Development Commissions' present role and to recommend improvements that will enhance future regional development activities.

SCOPE OF STUDY

The study approach will:

1. Look at both the present Regional Economic Development Commissions and other forms of organization (e.g. departmental branch offices,

municipal development officers, regional commissions controlled by business, etc.) and recommend the best one.

2. Describe how the present system functions and how the recommended system will function by:

   i) defining the relationship that exists between the development organization and other parties, including:

      - their respective municipalities;
      - their board of directors;
      - entrepreneurs of the region;
      - the staff of the organizations;
      - the Department of Commerce & Technology;
      - the Department of Regional Industrial Expansion LEAD corporations; and
      - other economic development agencies and departments;

   ii) recommending the size and boundaries of each organization;

   iii) defining the role of the organizations in:

      a. seek and find activities;
      b. promotion and direction of industrial parks; and
      c. written operational policies;

   iv) defining the role of managers, assistants and board of directors;

   v) recommend guidelines for interaction with respect to:

      a. municipal industrial development organizations; and
      b. federal economic and regional development organizations;

   vi) defining appropriate budgets and funding sources for these regional development organizations;

vii) recommend a mechanism for periodic evaluation of these recommended entities.

4. Evaluate the provincial government's policy on Regional Economic Development Commissions.

METHODOLOGY

A. Review existing documentation of previous regional development activity.

B. Information shall be sought from:

- commission managers and their assistants;
- the Association of Commissioners;
- commission executive committee members;
- local municipal development officers;
- senior staff members of provincial government departments involved in economic development:
  - . Commerce and Technology
  - . Tourism, Recreation and Heritage
  - . Agriculture and Rural Development
  - . Natural Resources and Energy
  - . Fisheries
  - . Municipal Affairs and Environment
  - . Community Improvement Corporation
  - . Labour and Human Resources
  - . Cabinet Secretariat
- Job Protection Unit

- Appropriate senior staff of the Department of Regional Industrial Expansion and Canada Employment and Immigration Commission

- Mayors of two to three participating municipalities of each regional development commission

- At least three entrepreneurs from each region to determine the level of service which should be provided to the business community served by each commission.

C. Review and compare similar Regional Development activities of other areas.

STUDY PROCEDURES

The study procedure shall ensure that:

- all correspondence, enquiries and invoices be addressed to Guy Rossignol, Regional Planner, Department of Commerce and Technology;

- the consultant meet monthly giving a progress report to the steering committee;

- draft reports be submitted for review by steering committee members;

- a minimum of five working days be provided for review of draft document(s);

- the consultant shall budget for four presentations of the approved final report;

- the final report and separate summary report of the study (100 bilingual copies of the final report and 500 bilingual copies of the summary report) shall carry a standard statement on the front

outside cover of the publication, appropriately centered one inch from the top of the cover of the report.

The standard statement is as follows:

Provincial Crest	Government of New Brunswick	Gouvernement du Nouveau-Brunswick

This publication is jointly funded under the Canada/New Brunswick Subsidiary Agreement on Industrial Development

Canada Logo	Government of Canada Regional Industrial Expansion	Gouvernement du Canada Expansion industrielle régionale

- it is a condition of this approval that no announcements are to be made on this project without the prior written approval of the Management Committee of the Industrial Development Subsidiary Agreement;

- the work shall be completed in accordance with the schedule submitted by the consultant as approved by the steering committee; and

- it is required that this work will be brought to the final draft stage no later than August 19, 1987.

STUDY MANAGEMENT

The study shall be undertaken under the direction of a steering committee.

Steering committee members will include two (2) representatives from the Department of Commerce and Technology, two (2) from the Department of

Regional Industrial Expansion, one (1) member from the New Brunswick Industrial Commissioners' Association, one (1) President representing Commissions and one (1) member from Community Improvement Corporation.

The Department of Commerce and Technology will execute a contract with the consultant for the work to be performed and payments to be made against work accomplished. The contract will provide for a holdback equalling ten per cent (10%) of the gross amount payable, to be released upon the steering committee's acceptance of the final report.

Monthly progress payments will be made to the consultant for eligible costs incurred, including expenses, during the progress of the study, on the basis of invoices for work completed submitted in triplicate to the Department of Commerce and Technology.

Total cost shall not exceed the maximum authorized cost without written approval by the Department of Commerce and Technology. We estimate the study costs to range between $50,000-$90,000.

The Management Committee shall have the right to terminate the contract with the consultant during the course of the work, and in such an event, payment will be made only for the work completed up to the time of termination. Alterations to the terms of reference may be made, and in such an event, alterations will be subject to agreement by both parties as to timing and remuneration.

DETAILS OF PROPOSAL

Proposals submitted shall outline the consultant's understanding of the task and his proposed methodology to be employed, together with the following:

- the names, curricula vitae and levels of responsibility of personnel that would be engaged in the project; a detailed outline of the extent to which each person will participate, plus his or her location in reference to the site of the study, and in reference to

where the major compilation of the study will take place. (When listing both corporate and individual experience, both the extent and the level of responsibility of participants in past pertinent projects will be indicated.);

- the per diem or hourly rates that will be charged in relation to all staff listed above;

- a quoted "maximum cost" to complete the study, itemized in relatively substantial detail (i.e. per specific activities);

- the names of firms with which the consultants propose to be associated in this project and the extent of their participation; and

- a schedule for undertaking specific activities and an estimate of the time required to complete the project.

SOURCES OF INFORMATION

The consultants should be familiar with the content of the following documents:

Secor Inc., Evaluation of the Role and Functions of Regional Industrial Commissions in New Brunswick, Montreal, 1978, P.168.

Government of New Brunswick, Government Policy on Regional Economic Development Commissions, Fredericton, 1981, P. 3.

Municipalities Act and New Brunswick Companies Act

An Industrial Development Strategy for Manufacturing in New Brunswick, Department of Commerce and Development, Fredericton, 1982, P. 42.

Meeting the Challenges of the Eighties, An Economic Development Strategy for New Brunswick, Fredericton, 1982, P. 42.

The Financing of Regional Industrial Commissions, Secor Inc. - D.P.A. Group Inc., August 1985. P. 44.

Economic Circumstances of Sub Provincial Regions - D.P.A. Group Inc.

Letters Patent & By-Laws of Each Commission

Economic Strategies from Various Departments e.g. Fisheries, Agriculture, Natural Resources and Energy, Tourism.

Regional Strategies of Each Commission

Economic and Regional Development Agreement (ERDA)

Canada/New Brunswick Subsidiary Agreement on Industrial Development Canadian Jobs Strategy

APPENDIX III

PERSONAL INTERVIEWS

GOVERNMENT OF NEW BRUNSWICK

Commerce and Technology

John Adams	Director, Industry Services
L.S. Armstrong	Deputy Minister
Art Goodwin	Director, Regional Development & Small Business
Janice LeBlanc	Director, Planning: Science and technology Secretariat
Claire LePage	Manager, Regional Development
Conrad Leroux	Senior Planning Officer: Science and Technology Secretariat
Guy Rossignol	Economic Development Planner: Science and Technology Secretariat
G. Stephenson Wheatley	Executive Director: Science and Technology Secretariat

Tourism, Recreation & Heritage

Georges Bouchard	Assistant Deputy Minister
David Jennings	Assistant Deputy Minister

Municipal Affairs and Environment

T.J. Jellinek	Director, Land Use Planning
Pierre C. Marquis	Deputy Minister

Labour

John P. Chenier	Assistant Deputy Minister
Mike McIntosh	Manager, Employment Development Program
Laurie Robichaud	Employment Development Officer

Cabinet Secretariat

Tim Andrew	Deputy Secretary to Cabinet
Jack Syroid	Senior Policy Analyst

Agriculture

Robert Saintonge	Deputy Minister

Natural Resources and Energy

Brian J. Walker	Deputy Minister

Fisheries

Ron Sisk	Economist, Director, Policy Analsys and Planning Directorate

Agencies & Corporations

New Brunswick Job Protection Unit

William H. Bryden	Administrator
Paul LePage	Senior Liaison Officer

Regional Development Corporation

Oscar Paulin	Research & Planning Officer
Ken Scott	General Manager

GOVERNMENT OF CANADA

Regional Industrial Expansion

Robert F. Bourgeois	Regional Executive Director
P.Y. Chiasson	Senior Industrial Analyst, Planning, Analysis & Evaluation
Bryan Dick	Senior Analyst, Federal Economic Development Coordinator
Nora Kelly	Implementation Officer, Regional Operations
Y. Lavalée	Trade, Tourism & Development
Eric M. Robichaud	Manager, Development Initiatives
Donald R. Winchester	Senior Development Officer

Canada Employment & Immigration Commission

Ronald Bemrose	Program Director
Lloyd Branch	Chief, Community Services
Mrs. Currie	Manager, Labour Market Adjustment & Incentives

Atlantic Canada Opportunities Agency

Pat Blanchard	Director

COMMISSIONS

CHALEUR

Name	Title
Victor Raiche	Commissioner
Lionel Roy	President
Réjean Arsenault	Municipal counsellor
Jean Roy	Mayor, Pointe-Verte
Mr. Ball	BAYCO Business Products
Georges Bourque	Cuisines Modernes
Gerald Pitre	Bathurst Machineshop

CAPITAL

Stan Price	Commissioner
M. Doherty	President
B. Tomilson	Vice-president
Linda M. Furlought	Assistant General Manager
W. Duffie	Mayor, Oromocto
B. Woodside	Mayor, Fredericton
M. Danziger	Assistant City Manager
C. Melancon	Deputy Mayor - Nackawic
Ted Faulkner	Fredericton Woodworking
Kevin Kulloite	Kitchens Direct
M. Johnstone	Johnstore's Pharmacy
Mr. Wheeler	Wheeler Accessories Ltd.
M. Larry Leblanc	Pro-tarc
Ms. S. Brewer	Table for two

COMMISSION

NORTH-WEST

Name	Title
Rino Pelletier	Commissioner
Edgar Michaud	1st Vice-President
Jacques Picard	Director
Ron Lang	Mayor, Clair
Gilles Picard	Nadeau et Associes
J.G. Lévesque	Confection B.L. Inc.
Normand Verret	Enseignes Imperiales

KENT

Roger Brun	Commissioner
Bernard Bourque	Development Officer
Raymond Beaudouin	President
Rhéal Savoie	Board Member
André Goguen	Mayor, Bouctouche
Louis Arsenault	Mayor, St-Louis - Board Member
Paul-Emile Leblanc	Mayor - Richiboucto
Gilles Babin	Board Member
Gabriel Robichaud	Kent Homes
J.-G. Goguen	ISOX Maritimes Ltd.

COMMISSION

PENINSULA

Name	Title
Roland Cormier	Commissioner
Theophane Noel	Mayor, Bas-Caraquet - Board member
Jean-Charles Chiasson	Mayor, Lameque - Board member
Reynald Paquet	Board member
Eymard Chiasson	Board member
Germain Blanchard	Mayor, Caraquet - Board member
J. Camille de Grâce	Mayor, Shippagan, Board member
M. Basque	Menuiserie Basque
Simon-Pierre Chiasson	S.P. Chiasson - Poissonnerie
Raymond Arsenault	Businessman

SAINT-JOHN/FUNDY

G. Forbes Elliot	Chairman
Gilbert G. Carter	President
Don O'Leary	Previous General Manager SJFRDC
Elsie Wayne	Mayor, Saint John
Ronald S. Clark	City Manager, Saint John
Emil T. Olsen	Mayor, Quispamsis
B. Laurence	Mayor, St. Andrews
Vance Craig	Mayor, St. George
John Whitters	Royal Printing
Glen Carpenter	TabuFile Ltd.
Doug Stevens	Brunswick Data

COMMISSION

SOUTH-EAST

Name	Title
Raymond Leblanc	Commissioner
Charles-Yvon Landry	President
Georges Boudreau	Sec.-treasurer
William Campbell	Mayor of Sackville, Board Member
Ross Monk	Mayor of Dorchester Former member of SEEDC
Edward Landry	Shediac Shopping Centre
Normand Ouellette	Gaudet et Ouellette
Philippe Fournier	South-East Welding
Armand Belliveau	Glenwood Kitchens

GMEDA

Arthur McDermott	Commissioner
Georges Urquhart	Chairman
Peter Clarke	C.N.; Vice President, Board

COMMISSION

CARLETON

Name	Title
Gordon Roach	Commissioner
Raymond Brennan	President
Robert Pickle	Treasurer
M. Cummings	Mayor of Meductic - Board Member
Harold Culbert	Mayor - Woodstock - Board Member
Roland Perry	Mayor - Hartland
Greg Hargrove	Valley Land & Water
Don Green	Metal Fab.
Ray Tibbits	Wakefield - Products
Ralph Gartley	Farmer

RESTIGOUCHE

Claude Lapointe	Commissioner
J.G. Dumas	President
Yvon Turcotte	Vice-President
Raymond Lagacé	Mayor, Atholville
Hébert Arseneault	Mayor, Balmoral
Bruce MacCintosh	Mayor, Cambelton
Roma Pelletier	Allmark
Ann Murray	Bed and Breakfast
Gilles Lebel	Gilles Steakhouse

COMMISSION

GRAND FALLS

Name	Title
Clarence Surette	Commissioner
Gerald Martin	President
Roland Dubé	Director - St. Leonard Mayor
Georges Dexter	Board Member
Laura Reynolds	Mayor/Plaster Rock, Director
B. Leblanc	B.N. Sportswear
Georges Thériault	J.R. Thériault
Sylvain Thériault	Les Services Thériault
Tom Kavanaugh	T. Kavanaugh & Sons

MIRAMICHI

Ernest MacMillan	Commissioner
Barbara McLenaghan	President
Anne-Marie Haché	Board Member
Rupert Bernard	Mayor of Chatham
John Mackay	Mayor of Newcastle
Roland Walls	Mayor of Blackville
W.H. Allison	Allison's Overhead Doors
Dave Shields	Atlantic Waterboard
Gerry Tozer	Sterling Industries
Joe O'Neill	REPAP

COMMISSION

MONCTON INDUSTRIAL

Name	Title
Paul Daigle	Commissioner
Peter Burns	President - MID
Dale Garland	Former President - Moncton Ind. Com.
George Rideout	Mayor, Moncton
Don West	Fredericton Planning
Richard Eusanio	Atlantic Compressed Air

DIP DIEPPE INDUSTRIAL PARK

Ferdinand Malenfant	Commissioner
S. Petitpas	Treasurer
Leonard Leblanc	President
Omer Maillet	Atcan Marble
Terrance Coyle	T.R.C. Holding
Roger Fournier	Triangle Kitchen
Bill Bathurst	Bonte Foods
Robert Irving	Cavendish Farms/ Midland Transports
R. Kierstead	Kierstead Purolator

APPENDIX IV

TELEPHONE SURVEY: METHODOLOGY

Telephone interviews: classification information (N:177)

	%
Business Sector	
Primary	4
Secondary	53
Tertiary	43
	100 %
Number of Employees	
1 to 5	31
6 to 10	18
11 to 25	25
26 to 99	18
100+	8
	100 %
Region	
Peninsula	4
Restigouche	8
Chaleur	5
Northwest	8
Saint-John Fundy	10
South East	8
Kent	5
Grand Falls	8
Miramichi	6
Capital	10
Carleton	5
Moncton	19
Dieppe	3
Greater Moncton	1
	100 %

Telephone Survey: Methodology

- 177 phone interviews were completed in New Brunswick during the months of July and August 1987.
- Businesses were selected from local listings of all companies in the region, provided by the commissioners in each REDC.
- The interviewers called every fifth company listed on selected pages of the listings.
- The interviewees were either the owners of the businesses or the general managers.
- The previous page presents classification information for the sample of businesses whose managers were interviewed.
- All interviews were completed by Price Waterhouse personnel.
- The analysis was done with the help of the SPSS software.

APPENDIX V

NEW BRUNSWICK ECONOMIC INDICATORS

TABLE A

Average Annual Growth Rates of Selected Economic Indicators for New Brunswick, the Atlantic Provinces and Canada , 1980 to 1986

	New Brunswick %	Atlantic Provinces %	Canada %
Population	0.3	0.4	0.9
Labour Force	1.9	1.9	1.9
Employment	1.2	1.0	1.4
Capital Investment[1]	1.0	4.11	3.4
Personal Income[1,2]	3.2	3.4	3.2
Personal Expenditures[1,2]	1.6	3.3	1.6
Gross Domestic Product[1,2]	5.3	5.0	2.5
Exports[1]	1.8	3.5	6.3

1- Growth rates based on constant dollars.

2- Growth rates calculated for period 1980 to 1984 (most recent provincial figures).

SOURCE: Statistics Canada

NEW BRUNSWICK ECONOMIC INDICATORS

1. Selected Economic Indicators

- Table A on opposite page presents growth rates for a series of economic indicators.

- New Brunswick's labour force and employment are growing at a comparable pace to that of the Atlantic provinces and Canada.

- Compared to the Atlantic provinces as a whole, New Brunswick population shows a preference towards saving: personal income is growing at a similar rate (3.2%) while the growth in personal expenditures is much slower (1.6%).

- The province's gross domestic product is growing at an encouraging pace (5.3%) being superior to its Atlantic and Canadian counterparts. This indicates that the province has succeeded in pulling out of the 1982 recession at a proportionately faster rate than the rest of the Maritimes and Canada.

- Average annual growth rates in capital investment (1.0%) and exports (1.8%) are quite low suggesting that New Brunswick businesses could be limiting their future economic expansion and industrial competitiveness, and also lowering their capacity to purchase goods and services from markets outside of the province.

TABLE B
NEW BRUNSWICK DOMESTIC EXPORTS BY COMMODITY, GROWTH RATE (1979-1986)

	1979	1980	1981	1982	1983	1984	1985	1986
LIVE ANIMALS								
Value (000)	722	1,132	1,181	1,471	1,160	1,363	1,491	1,046
%	0.03	0.04	0.04	0.09	0.07	0.06	0.07	0.04
FOOD, FEED, BEVERAGES AND TOBACCO								
Value (000)	234,465	317,056	408,433	418,536	374,936	418,664	399,289	439,958
%	10.60	12.51	15.93	26.12	21.13	18.46	18.11	16.66
CRUDE MATERIALS INEDIBLE								
Value (000)	177,330	125,955	156,001	178,102	153,397	184,112	157,860	137,063
%	8.02	4.97	6.08	11.12	8.64	8.12	7.16	5.19
FABRICATED MATERIALS, INEDIBLE								
Value (000)	1,682,683	2,027,199	1,906,832	950,623	1,201,105	1,600,072	1,581,647	1,997,306
%	76.07	79.97	74.37	59.33	67.68	70.55	71.74	75.62
END PRODUCTS INEDIBLE								
Value (000)	111,861	60,602	87,029	51,510	41,903	56,540	58,719	60,913
%	5.06	2.39	3.39	3.21	2.36	2.49	2.66	2.31
SPECIAL TRANSACTIONS, TRADE								
Value (000)	4,819	3,147	4,334	2,005	2,137	7,169	6,549	5,089
%	0.22	0.12	0.17	0.13	0.12	0.32	0.25	0.19
TOTAL DOMESTIC EXPORTS								
Value (000)	2,211,879	2,535,090	2,563,811	1,602,247	1,774,638	2,267,920	2,204,555	2,641,375
%	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

2. Domestic Exports

- Table B on opposite page presents export figures by commodity group for the province of New Brunswick for the period 1979 to 1986.

- In 1986, total exports reached $2.64 billion, the highest level of the last 8 years.

- Fabricated materials is certainly the most important export group, representing 76% of all domestic exports in 1986. Due to the 1982 recession, fabricated materials experience a significant drop (50% as compared to 1981), hurting badly the overall export performance of the province. Since 1982, exports of this commodity group have registered a steady growth, but have been unable to reach their 1980 record high.

- The second major category of exports is food, feed, beverages and tobacco. Since 1982, this category's share of total exports has been steadily decreasing from 26% in 1982, to 18% in 1985 and 17% in 1986.

- Overall, New Brunswick exports are increasing at a very slow pace and many commodity groups are registering decreases. This situation reflects a lowering in the competitive position of the province.

TABLE C
EXPENDITURES FOR FIXED ASSETS
1982 -1986

($ millions)

	1982		1983		1984		1985		1986(1)	
	N.B.	Atlantic Prov.	N.B.	Atlantic Prov.	N.B.	Atlantic Prov.	N.B.	Atlantic Prov.	N.B.	Atlantic Prov.
Primary and Construction	297.4	1720.0	206.9	2071.8	288.7	2076.2	263.3	2027.3	174.3	1214.4
Secondary	383.4	824.0	248.1	517.4	170.0	418.1	341.7	686.1	268.3	659.9
Utilities	344.2	1009.0	188.0	845.9	242.3	254.7	215.0	703.3	217.4	795.3
Commerce	149.2	481.1	179.9	568.0	195.0	682.1	206.5	774.3	226.6	836.4
Institution	373.8	1058.6	366.1	1088.8	415.3	1279.2	416.1	1379.6	390.9	1350.9
Housing	125.4	549.8	300.1	998.2	262.5	933.0	321.5	1149.8	374.7	1246.6
TOTAL	1673.4	5642.5	1489.1	6090.1	1573.8	6143.3	1764.1	6720.4	1652.8	6103.5

(1) preliminary

SOURCE: Statistics Canada

3. **Expenditures**

- Table C lists expenditures of fixed assets for New Brunswick and the Atlantic provinces for the period 1982 to 1986.

- New Brunswick's 1986 total expenditures were down compared to the 1982 total (from $1,673,400,000 in 1982 to $1,652,800,000 in 1986) while the Atlantic provinces as a whole registered an increase (from $5,642,500,000 in 1982 to $6,103,500,000 in 1986). Three sectors were responsible for New Brunswick's 1986 total drop: the primary and construction sector with a 41% decrease compared to 1982; the secondary sector with a 30% decrease, and the utilities sector with a 39% decrease. The Atlantic provinces as a whole also registered a decrease in these three sectors over the same period. Lack of investment in these important sectors undoubtly means a lowering of the competitive position of the Maritime provinces.

- New Brunswick's most encouraging sector was housing, with expenditures increasing 199% since 1982. The Maritime province's increase for this sector was 126%.

TABLE D
NEW BRUNSWICK GROSS DOMESTIC PRODUCT BY INDUSTRY

	1986	1987*	1988*
Agriculture	132.0	133.0	136.0
	1.2	0.9	2.5
Forestry	181.0	210.0	218.0
	11.9	16.1	3.5
Fishing	36.0	38.0	38.0
	9.5	7.9	-0.9
Mining	220.0	229.0	233.0
	-3.4	4.2	1.5
Manufacturing	877.0	891.0	939.0
	4.4	1.8	5.4
Construction	561.0	589.0	582.0
	-2.6	5.0	0.5
Utilities	524.0	548.0	563.0
	10.0	4.7	2.6
Goods - Producing Industries	2531.0	2640.0	2719.0
	3.5	4.3	3.0
Transportation & Communication	744.0	772.0	791.0
	4.3	3.7	2.6
Wholesale & Retail Trade	771.0	801.0	817.0
	4.0	3.9	2.1
Finance, Insurance & Real Estate	904.0	923.0	944.0
	3.5	2.1	2.4
Community, Business & Pers. Service	1449.0	1485.0	1511.0
	4.0	2.5	1.8
Public Administration & Defence	746.0	774.0	797.0
	0.3	3.8	2.9
Service - Producing Industries	4613.0	4754.0	4861.0
	3.3	3.1	2.2
All Industries	7144.0	7394.0	7579.0
	3.4	3.5	2.5

SOURCE: Conference Board of Canada (September 15, 1987)

* Estimates and Forecasts

4. Forecasts

- Table D on opposite page presents forecast figures for the gross domestic product by industry for the province of New Brunswick.

- Forecasts for 1988 indicate a slow growth in all industries, with an average annual growth rate of 2.5%. One industry, fishing, is forecasted to register a decline of 0.9% for 1988.

- The most encouraging industry is manufacturing with an estimated growth rate of 5.4% for 1988. Outstanding manufacturing sectors for the period 1981 to 1985 were printing and publishing, wood products and metal fabricated products. In 1988, wood products may register a decline since construction is forecast at a very slow growth (0.5%).

- Eleven of the sectors identified in Table D are forecast to have a slower growth rate in 1988 than in 1987. Industries with the most important decline in growth rates are forestry, fishing and construction. According to these forecasts New Brunswick will register a slow growth in its gross domestic product in 1988.

APPENDIX VI

GOVERNMENT POLICY ON REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS

GOVERNMENT POLICY ON
REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS

1. It is the policy of the Government that the economic growth of the various regions of the province shall be fostered by Regional Economic Development Commissions representing their respective regions. These Commissions shall be independent corporations formed by resolution of the participating municipalities with a board of directors appointed by the municipalities. All provincial government departments and agencies involved in the economic development of the province shall be cognizant of the services provided by the Commissions and wherever possible, shall involve the local Regional Economic Development Commission in their economic activity as it pertains to the region.

2. The fostering of economic growth by the Regional Economic Development Commissions is further defined in the following functions.

   (A) The Regional Economic Development Commissions shall assist in the identification, the creation and expansion of business in all sectors of economic activity.

   The focus of the commissions shall be broader than industrial development alone, although the latter is of prime importance. In addition, the commissions where appropriate will be involved with the stimulation of economic activity by coordinating commercial, tourism and the primary sector developments, and by providing a mechanism through which businessmen may be made aware of the services of Government.

(B) The Regional Economic Development Commissions shall act where necessary as an interface and liaison between local business and organizations and different government departments and agencies and outside-the-region private organizations in matters pertaining to the Economic Development of the Region.

(C) The Regional Economic Development Commissions shall assist in the establishment of an economic infrastructure and environment conducive to the economic growth. This includes industrial parks and sites and other major infrastructure projects such as seaports, railways, airports and major roads that contribute to the economic development of the region. Specific exclusions shall be the administration of social development programs and municipal services.

(D) The Regional Economic Development Commissions shall play a supportive role in out-of-province new industry development. The prime responsibility of this function shall rest with the Department of Commerce and Development. The Commissions' activities in this area shall be confined to assisting the department and no external promotional activities shall be undertaken without consultation with the department to avoid duplication of effort and investor confusion.

(E) The Regional Economic Development Commissions shall assist in the promotion of the Small Business Assistance Program. In addition, the Commissions shall provide a supportive role to the Department of Commerce and Development in the evaluation and analysis of applications under this program.

(F) Where negotiated agreements exist, the Regional Economic Development Commissions shall be responsible for the administration of publicly owned industrial lands in their respective regions.

3. The Regional Economic Development Commissions shall establish a set of operational and functional objectives to direct its activities. These shall be reviewed by the Commissions annually.

4. The Government will provide funding assistance to the operating costs of the Regional Economic Development Commissions. The participating municipalities must also contribute to the operating costs. The items considered by the Government for funding assistance will be confined to actual operating expenses and will not include any contingency funds.

5. The Regional Economic Development Commissions shall in accordance with negotiated agreements accumulate revenues received from sale of industrial lands and assets in capital accounts for the exclusive purpose of future investment in industrial infrastructure.

Approved by Cabinet July, 1981

APPENDIX VII

NEW BRUNSWICK INDUSTRIAL PARKS BY ECONOMIC DEVELOPMENT REGION

NEW BRUNSWICK INDUSTRIAL PARKS
BY ECONOMIC DEVELOPMENT REGION

1987

PARK	OWNERSHIP
1. Restigouche Industrial Commission - Territory:	
Atholville Industrial Site	Village of Atholville
Restigouche Industrial Park	Restigouche Industrial Commission
2. Chaleur Regional Industrial Commission - Territory:	
Petit-Rocher Industrial Site	Village of Petit-Rocher
Beresford Industrial Park	Village of Beresford
Bathurst Industrial Park	Chaleur Regional Industrial Commission
3. Commission d'Expansion Économique de la Péninsule - Territory:	
Caraquet Industrial Park	Commission d'Expansion Économique de la Péninsule
Shippagan Industrial Site	Commission d'Expansion Économique de la Péninsule
Bas-Caraquet Industrial Park	Commission d'Expansion Économique de la Péninsule
Lamèque Industrial Park	Commission d'Expansion Économique de la Péninsule
Tracadie Industrial Site	Commission d'Expansion Économique de la Péninsule
4. Miramichi Region Development Corporation - Territory:	
Miramichi Industrial Park	Miramichi Region Development Corporation
Chatham Industrial Park	Miramichi Region Development Corporation
5. Kent Industrial Commission - Territory:	
Rexton Industrial Park	Kent Industrial Commission
Buctouche Industrial Park	Kent Industrial Commission

6. **South-East Economic Commission - Territory**:

Scoudouc Industrial Park	Province of New Brunswick
Westmorland Chemical Park	Province of New Brunswick
Sackville Industrial Park	Province of New Brunswick

7. **Capital Region Development Commission - Territory**:

Chipman Industrial Site	Village of Chipman
Minto Industrial Park	Province of New Brunswick
Nackawic Industrial Park	Town of Nackawic
Fredericton Industrial Park	City of Fredericton
Vanier Industrial Park	City of Fredericton
Nashwaaksis Industrial Site	City of Fredericton
East Oromocto Industrial Park	Town of Oromocto
Oromocto West Industrial Park	Town of Oromocto
McAdam Industrial Park	Village of McAdam

8. **Carleton Regional Development Commission - Territory**:

Woodstock Industrial Park	Town of Woodstock
Hartland Industrial Park	Town of Hartland

9. **Grand Falls Industrial Commission - Territory**:

Grand Falls Industrial Park	Town of Grand Falls
Saint Leonard Industrial Site	Town of Saint Leonard
Plaster Rock Industrial Site	Town of Plaster Rock

10. **North West Industrial Commission - Territory**:

Clair Industrial Site	Village of Clair
Madawaska Industrial Park	Commission Industrielle du Nord-Ouest
Republic Industrial Site	Village of Edmundston
Saint-Jacques Industrial Site	Village of Saint-Jacques

11. **Saint John Fundy Region Development Commission - Territory**:

Champlain Industrial Park	Province of New Brunswick
St. Stephen Industrial Park	Town of St. Stephen
Sussex Industrial Park	Town of Sussex
Grandview Industrial Park	City of Saint John
McAllister Industrial Park	Province of New Brunswick
Spruce Lake Industrial Park	Province of New Brunswick

12. **Greater Moncton Area - Territory**:

Caledonia Industrial Park	Province of New Brunswick
Moncton Industrial Development	Province of New Brunswick
Dieppe Industrial Park	Town of Dieppe

APPENDIX VIII

COMPARISONS BETWEEN STRATEGIC OBJECTIVES AND RESULTS

CHALEUR

ACTION PLAN

- Was submitted in November 1986 (precedent action plan was not available)

- Calls for the creation of:

  . 294 new jobs in existing firms
  . 100 new jobs in new firms
  ... from 1987 to 1991

ANNUAL REPORT (1986)

- Not relevant to present action plan

- Results:

  . 41 new jobs created in manufacturing sector
  . Number of newly created firms not available

SAINT JOHN FUNDY

ACTION PLAN

- Was submitted in 1983
- Does not quantify objectives for jobs or firms creation

ANNUAL REPORT (1986-87)

- Jobs created through SIFAP approvals: 140
- Jobs created through other programs:

Program	Approvals	Jobs Created
Career Start	3	4
Jobs in Business	29	36
Division Development	3	10
Student Venture Program	18	22
	53	72

- Number of firms created not available

SOUTH-EAST

ACTION PLAN (1982):

- Goal of a net increase of 912 basic jobs representing a growth of 16.7% over 5 years
- Creation of 20 local new basic firms in the economic base
- Goal of 5 non-basic firms transfer to the economic base
- 4 establishments imported in the South-East region

ANNUAL REPORT (1986-87):

Fro 1986-87, creation of 11 new processing and manufacturing industries, contributing to creation of 59 new jobs

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CARLETON

ACTION PLAN (1985):

- Creation of 365 net new basic jobs over the next 5 years Annual growth rate of 1.6%
- Establish approximately 50 new firms: objective is to start with 5-8 firms in first year increasing the number annually to reach 12 new firsm in year 5

ANNUAL REPORT (1986-87):

251 jobs created from 83 to 87 in SIFAP program (150 since 1985)

GRAND FALLS

ACTION PLAN:

- Net increase of 500 basic jobs within 5 years which represents 2nd increase of 11.9% or 2.2% year
- Net creation of 25 basic local firms, resulting in 250 new jobs
- Net creation of 245 new jobs in existing basic firms
- Creation of 150 jobs through the importation of 3 to 5 plants in the clothing industry

ANNUAL REPORT (85-86):

Creation of 95 new jobs, P.A.F.P.E. program

Employment project from 1977 to 1986: 565

From April 84 to March 31, 1986: creation of 355 jobs in basic firms

- 27 new firms
- 270 net jobs

NORTH-WEST

ACTION PLAN:

- Creation of 550 new jobs in the manufacturing sector on a 5 year basis
- Creation of 15 new manufacturing firms

ANNUAL REPORT (1986-1987):

- Creation of 28 new manufacturing firms and 604 new jobs

KENT

ACTION PLAN (1983-88):

- Net creation of 750 basic jobs within 5 years, which represents an increase of 14.4% of 2.7% per year
- Net creation of 25 local basic firms, resulting in 250 new jobs
- The creation of 400 net new jobs in exising basic fims
- The flattening of seasonal fluctuation by lowering from 75% to 64%, the number of seasonal workers in the total basic employment

ANNUAL REPORT (86-87):

SIFAP: 44 new jobs created

GREATER MONCTON ECONOMIC DEVELOPMENT AUTHORITY

ACTION PLAN (1984-89):

- Goal of 1,700 new basic jobs in the local economy
- 600 new jobs in manufacturing created by 40 new firms
- 500 additional jobs in existing manufacturing firms
- 600 new administrative jobs by federal government departments and agencies and national corporations

NO ANNUAL REPORT FOR:

- Greater Moncton Economic Development Authority
- Moncton Industrial Development
- Dieppe Industrial Park

MIRAMICHI

ACTION PLAN (1983-1988):

- Net creation of 500 basic jobs within 5 years which represents an increase of 8.2% or 1.5% per year
- Net creation of 15 local basic firms, resulting in 225 new jobs
- Net creation of 80 new jobs in existing basic firms
- Creation of at least 1,150 jobs by substitute activities for CFB Chatham, plus 350 jobs at Durgavon

ANNUAL REPORT (1985-86)

In 1987:

- Manufacturing and processing: net increase of 1,110 jobs
- 275 new jobs, penitentiary
- Net creation of 24 new firms resultng of 1,050 new jobs

PENINSULA

ACTION PLAN (1984):

Net increase of 2,885 jobs from 1983 to 1988

-	Primary sector	: 75	Growth rate	(2.2%)
-	Secondary sector	: 1,473		(18.9%)
-	Tourism	: 134		(13.9%)
-	Tertiary	: 1,203		(15.4%)
-	Total	: 2,885		(14.4%)

RESTIGOUCHE

ACTION PLAN (82):

Establish 19 new enterprises and create 500 new jobs between 1982 and 1987.

ANNUAL REPORT (86-87):

- Objective: 19 new enterprises, 500 new jobs
- Approved : 43 enterprises, 513 jobs
- Real : 36 entreprises, 447 new jobs

CAPITAL

ACTION PLAN (84-85):

Create 1,800 of the targetted 2,000 new basic jobs in the next 5 years

- Existing firms : 700
- New firms : 650
- Crafts : 50
- High-tech firms: 400

Create 45 new firms in the economic base, of which 10 new firms will be in production crafts.

ANNUAL REPORT (1986-87):

- During the past 3 years: 42 new industries in the economic base were established in the economic base (approved objectives for this period: 21 new firms and 315 jobs).

- Expansion of 49 companies creating 300 additional jobs.

- 13 industries not in the economic base expanded their operations adding 26 more permanent staff.